

Ubuntu Municipality



Annual Report

2008/09

Vision

We, Ubuntu Municipality, commit ourselves to be developmental and economically viable, to ensure a better life for all

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1. Chapter 1: Introduction and Overview

1.1. Mayor's Foreword

Once again I am honored to draw your attention to the record of Ubuntu's achievements in this Annual Report 2008/09. The annual report reflects on the municipality's performance between 01 July 2008 and 30 June 2009, and aimed to promote accountability to the Local Community for the decision taken throughout the financial year.

Ubuntu Municipality as part of the Local Government sphere derives its core mandate from Chapter 7 of the Constitution of the Republic of South Africa, and it captures the developmental duties of a municipality as follows:

A municipality must:

- Structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economical development of the community, and
- Participate in National and Provincial development programmes.

It is with this Constitutional call in mind that Ubuntu Municipality, always strives to ensure that all its towns are developed, in order for its citizens to enjoy the democratic gains of the past – 1994 era.

In the last annual report financial year, 2007/08, we highlighted a number of challenges, which include amongst others the building of 176 houses in Victoria West and 108 houses in Richmond. But also the tarring of a access road in Loxton. The completion of the 8 high mass lightening project over the entire Ubuntu Municipal area, and also the upgrading of the electrical network in Richmond and Loxton. The eradication of the remaining buckets was another target to be meet by the end of December 2008 in order to comply with the Presidential targets.

We can now report with great pride and humility that Ubuntu Municipality succeeded to eradicate all remaining buckets, erects successfully all the eight high mass lights over the entire municipal area, and build houses for both Victoria West and Richmond. The aforementioned project creates a huge number of jobs for our citizens.

The year under review we employed 16 youth as Mentors to render a personal service at every household, i.e explaining households their municipal accounts, see to it that indigents gets their services, the free water, electricity, sanitations and refuse removal within the ambit of indigence by law, but also to report on the many needs of households. We also take part in the learnership programme invited by District Council, employing about 10 youth in the administration, of which 50% of them are currently enjoys further contract employment in the Municipality.

It's a great pleasure to report that the Youth Development Centre is up and running in the Municipality, with internet access available and 10 desktop printers, where the youth can explore, research the international information realm. Our commitment is to ensure that our youth and the unemployed are provided with information that will better the future-prospects, and broaden their vision.

The 2008/09 financial year, the Ubuntu Municipality was awarded Blue Drop status, a National recognition for water quality, one of only two municipalities in the province recognizes for that. Ubuntu Municipality has demonstrated its commitment and

determination in fulfilling its vision further by achieving the top position in Provincial Govan Mbeki Housing Award:

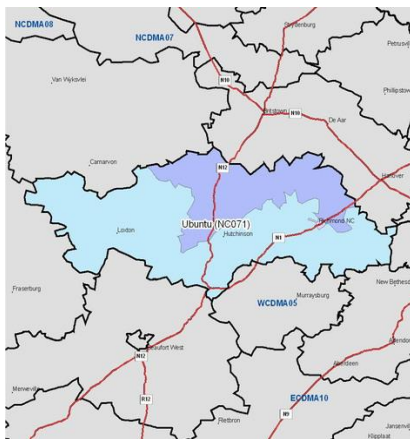
1. Best municipality of the year 2008/09 (for which we get the prizes – a laptop and R15 000.00 in cash.
2. Subsidy Builder of the year (the price of a laptop)

As a result of these achievements we were the only Municipality in the Province nominated for the National Govan Mbeki Award in Durban.

As the Mayor of Ubuntu Municipality, on behalf of the Ubuntu Council and Portfolio Committee's, wants to commit the political and administrative leadership of this municipality to service excellence and the entire improvement of the lives of the lives of this Municipality.

Ubuntu Municipality is indeed a municipality at work for a better life for all.

1.2. Overview of the Municipality



Victoria West:

Established in 1843 and named after Queen Victoria. Victoria West marks the beginning of the Diamond Way, lying on the main route from Cape Town to Kimberley. South of the town lies three flat-topped hillocks called Three Sisters.

Richmond:

Established in 1843 on a portion of the farm Driefontein and the first erven were sold on 19 April 1845. The town was named after the Duke of Richmond from Kent.

Loxton:

Originally the farm Phizantefontein, Loxton was bought from AE Loxton in 1899 and built to serve the sheep-farming community. It became a municipality in 1905. In March 1961, three-quarters of the town was destroyed by a flash-flood which caused the dam to burst. The town has since been re-established.

Hutchinson:

When the discovery of diamonds blazed a trail to the interior, the railway followed it. It bypassed Victoria West by 12km, necessitating a railhead. This developed into a village and was named after Cape Governor, Sir Walter Hely Hutchinson. A branch line was built in 1904.

1.3. Executive Summary

1.3.1. SWOT Analysis

Strengths

- ❖ Living in the Country side is a positive
- ❖ In certain sectors of the municipality crime is very low
- ❖ There is a reasonably good relationship between the participating partners in the municipality
- ❖ The environment is good for the people- pollution risk is very low
- ❖ The municipality has a good administrative structure
- ❖ The municipality is financially sound
- ❖ The municipality is equipped to manage crises as they occur
- ❖ The municipality delivers fairly good and comprehensive services

Weaknesses

- ❖ Infrastructure is unsound equipment, roads network, and storm water systems are old, and funding to upgrade and replace, is a problem
- ❖ Poor implementation of policy
- ❖ Poor commitment by some members of the municipality
- ❖ Responsibility is taken by only certain members of the municipality
- ❖ Lack of training
- ❖ Negative Councillors
- ❖ Unproductive personnel
- ❖ Poor supervision of personnel
- ❖ Lack of reporting
- ❖ Not enough personnel
- ❖ Lack of implementation of resolutions
- ❖ Lack of payment of services
- ❖ The audit report
- ❖ Lack of a wellness programme for personnel

Opportunities

- ❖ Tourism
- ❖ The 2 major routes

- ❖ Agriculture
- ❖ Karoo herbs
- ❖ Value adding to products from the region
- ❖ Mineral deposits still to be exploited

Threats

- ❖ Crime, especially in Richmond
- ❖ Unemployment and poverty
- ❖ Alcohol and drug abuse, especially by youth
- ❖ Global warming
- ❖ Negative youthful attitudes
- ❖ Urbanisation
- ❖ Professional Services in the country side
- ❖ HIV/Aids
- ❖ Teen pregnancies/ Child prostitution
- ❖ Street Children
- ❖ Shebeens

1.3.2 Vision

We, Ubuntu Municipality, commit ourselves to be developmentally and economically viable, to ensure a better life for all

1.3.3 Mission

 We strive to achieve:-

- ❖ Effective and efficient service delivery
- ❖ Optimal human and natural resource development
- ❖ Local economic growth and development, job creation and poverty alleviation
- ❖ A vibrant tourism industry
- ❖ Participation in the fight to reduce the infection rate and lessen the impact of HIV/aids, alcohol abuse and other communicable diseases
- ❖ A safe, secure and community friendly environment

- ❖ To ensure sound and sustainable management of Financial and Fiscal affairs of the Municipality

1.3.4 Corporate Values

- + Driven by the aspirations of our people, we will respect and uphold the constitution of the Republic of South Africa and , to this end, observe human rights, and to participate in co-operative governance
- + We subscribe to the principles of Batho Pele and total quality management
- + We commit ourselves to the Codes of Conduct for councillors and officials in the Municipal Systems Act and to the principles of sound financial management
- + We commit ourselves to promote racial, gender and all other forms of equality and to empower all people in the municipality
- + We regard the personnel of our municipality as our most important resource
- + We believe in integrity in the relations with all our stakeholders
- + We commit ourselves to a corruption free municipality
- + We endorse a “people-driven” approach and, to this end, commit ourselves to ensuring public participation in local government
- + We will respect the views and inputs of all members of the council
- + We commit ourselves to a spirit of completion

1.3.5 Operational Objectives for the financial Year ending 30 June 2008

- + Infrastructure Development and Service Delivery
 - Eradicate backlogs in infrastructure
 - Provide 270 households with potable water
 - Provide sanitation to 270 households
 - EIA - Solid Waste Site
 - High Mast Lighting- 5
 - Loxton Tarring of Gravel Road & Bridge - 500 m
 - Reservoir Richmond- 50% of Building
 - Soliciting funding for extending of Electrical network for 434 households

- Soliciting funding for upgrading of 3 Sportsgrounds
- Provision of sustainable basic services
 - Provide basic sanitation to households- 7 days
 - Provide basic electricity to households- 30 days
 - Provide basic water to households- 7 days
 - Dirt bin Project
 - Soliciting of Funding for the project
 - Implementation plan
 - Provision of bulk and land use services
 - Maintaining existing sewerage plant in Richmond
 - Expansion and provision of new cemeteries
- Maintenance of public facilities
 - Maintenance of electricity networks
 - Maintenance of sewerage systems
 - Maintenance of recreation and sport facilities
 - Maintenance of council buildings and gardens/park
 - Maintenance & Development of refuse sites
 - Maintenance & Development of cemeteries
 - Maintenance of commonage lands
 - Maintenance of streets and roads
- Waste Management
 - Development of Recycle Plan: Assessment
- Planning and Strategies
 - Develop a water conservation and demand management plan
 - Develop the CIP
 - Compile a comprehensive housing development plan
 - Compile an Environmental plan
 - Develop a Spatial Development Framework & Plan

- Transport Management
 - Develop a Fleet management Plan
- Housing delivery and land development
 - Purchase additional land through the DLA process
 - Township establishment and layout (Surveying)
- Playgrounds
 - Playgrounds: Implementation Plan already 50% implemented
- Municipal Transformation and Organisational Development
 - Management and Reporting
 - Management Meetings-
 - Supervisors
 - Staff
 - Completion of Municipal Manager's instructions
 - Performance Management Systems
 - Developing and Implementing PMS
 - Monitoring and Reporting on PMS
 - Human Resource Management
 - Workplace Skills Plan
 - Implementation of WSP/Monitoring meetings
 - Review Organogram
 - Implementation of job descriptions
 - Equity Plan and Report
 - Learnership Programme/Monitoring meetings
 - Labour Relations
 - Dispute Resolutions
 - Local Labour Forum
 - Administrative Policies & Targets

- Job Descriptions/Review
 - Policies List to be added/Drafted (Institutional Plan)
 - Implementation of Applicable Policies
 - Admin manual for all Policies
 - Advertisements of all Vacancies & Notices
 - Data Base for Services providers
- Legal Commitments & Contracts
 - Establish all Contracts/Contract Management
 - Monitor all Contracts (Report to Managements)
 - Compile & Develop By-Laws
- Archival Systems
 - Maintain Archival Systems
 - Develop an Electronic mechanism for Distributing
 - Record Management Policy and Implementation Plan
- Library Services
 - Maintenance of Library Services
- Local Economic Development
 - Establishment of a LED Section
 - Development of LED policy/strategy
 - Implementation of DGDS
 - Establishment of LED Structure
 - Development of a programme for Transversal Projects
 - Implementation of the transversal programme
 - Programme for Business plans for Project identified in the IDP
- Municipal Financial Viability and Management
 - Ensure accurate and timeous reporting
 - Monthly budget control, reconciliation of general ledger accounts
 - Submission of annual reports prescribed by the MFMA by February (each year)

- MFMA quarterly
- MFMA section 71 & FMG reports
- Timeous submission of Mid-year report(S72) to Accounting Officer for revision & non-finance inputs
- Compilation of all sector department reports
- (MSIG, Health, Housing, STAT SA, DWAF)
- Report to Council on all activities and financials
- (MSIG, Health, Housing, STAT SA, DWAF, MFMA)
- SDBIP developed
- To develop compliant budget and financial statements
 - Timeous preparation and submission of Annual Financial Statements to Auditor-General
 - Development of draft budget & approved budget
 - Timeous approval of annual budget as per required timeframe of MFMA
 - Preparation and approval of Adjustment Budget
- Ensure effective capacity development and support in the financial unit
 - Approval of service level agreement and framework with specific time frames for financial management support and capacity building. (GAMAP/GRAP, MFMA)
 - Performance reviews conducted with Financial Personnel/Interns
- Establish and maintain financial systems and policies
 - Implement effective systems of revenue collection and safe keeping of data as per MFMA requirement
 - Ensure 100% collection and receipt of grant funding as per DoRA allocations
 - Annual review and implementation and approved credit control & debt collection policy
 - Develop & implement a Property Rates policy
 - Prepare a valuation role
 - Timeous payment of creditors
 - Implementation plan

- Link land audit to billing systems
- Annual review and development of other applicable revenue policies required per MFMA
- Ensure recovery of consumer and sundry debt within 90 days of incurrence
- Credit Control in terms of policy
- Control financial activities
 - Implement an effective system of expenditure control compliant with MFMA requirements
 - Ensure implementation of the supply chain management regulations and approved policy
 - Apply an effective cash flow and investment management as per approved policy requirements
 - Establish an effective store and inventory system
 - Annual review and development of applicable expenditure policies required per MFMA
 - Implement an effective system of asset and risk management in compliance with MFMA

Good Governance and Public Participation

- Internal and External Political Support
 - Secretariat for Council
 - Schedule for Council Meetings
 - Schedule for Committee Meetings
 - CDW's - report meetings
- Governance & Public Participation
 - Programme for community participation
 - Council meets the people
 - Intergovernmental Relation Forum
 - % of Forum Decisions implemented
 - Establish and Maintain Local IGR

2. Chapter 2: Performance Highlights

Councillors and Senior Management retreated to Pride Rock Lodge, Vanderkloof, for a strategic planning session, in order to determine the strategic priorities of the municipality leading up to the period ending June 2008.

During this session the Five Year Local government Strategic Agenda was endorsed and emphasis was placed on the Five Key Performance Areas, which are the following:

- + Municipal Institutional Development and Management
- + Basic Service Delivery
- + Municipal Financial Viability and management
- + Good Governance and Public Participation
- + Local Economic Development

For each of these Key Performance Areas, objectives were set.

Spatial Development Initiative

The Ubuntu Municipality has successfully compiled its Spatial Development Framework. In order to eradicate the damages wrought by decades of colonial and apartheid manipulation of settlement patterns and economic activity in the municipal area, this plan is a definitely a highlight in the transformation process. The plan brings about a framework for a far more focused intervention by the Council in equitable and sustainable development.

In order to achieve its vision of a better life for all, this plan demonstrates the urgency of the necessary of space economy. The alignment of our plan with that of the District Municipality and the National spatial development perspective is subject to a common agenda concerning growth and development in the localities of the district, which are crucial for the attainment of the development objectives set out in the DGDS.

Eradication of Buckets

In order to respond to the call by former President Thabo Mbeki to eradicate all buckets on formal stands, Ubuntu Municipality spent R 3,400,000.00 of its grant funds to eradicate 967 buckets on formal stands. We have also established the infrastructure for water and sanitation services in areas where families from the informal settlements were to relocate to formal areas in both Richmond and Victoria West. The cost of this amounted to about R3,800,00.00. All formal settlements have fully waterborne sanitation services. This service was not only demanded by the people, but it was in response to the President's call. Nonetheless it remains a problem as sustainability in such a water-impooverished area is an ongoing challenge.

Housing, Operation and Maintenance

People living in the Witblokke, hostels an apartheid inheritance, were moved to new homes, a project completed by the Municipality as developer and contractor. We have also implemented the 176 houses project in Mandela square Victoria West. The 108 houses project in Richmond was about 70% accomplished in time for the year under review.

3. Chapter 3: Municipal Transformation and Organisational Development

3.1 Human Resources

INTRODUCTION

This report gives an overview of the all the activities of the Corporate and Community Services Department for the 2008/2009 financial year. The activities of this department were successfully implemented during the financial year.

FUNTIONAL OVERVIEW

This department consists of the following sections:

Administration

Human Resources

Community Safety

Community Services

CHAPTER 1: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND MAMNAGEMENT

1.1 REGISTRY OFFICE

All incoming correspondence were received daily and captured in an incoming correspondence register and was given a unique file number. There after it was booked of to the different heads of departments and the Municipal Manager. The department tried at all time to respond or to acknowledge receive of incoming correspondence within 48 hour or within seven days. The corporate services department have purchase a new Electronic Record Management System during the year under review to improve service delivery in the department. The registry personnel handle all correspondence daily and file them in the strong room. The department purchases a new server to improve the functioning and speed of the financial system. During the year under review the department also developed a new website and e-mail facilities for all staff.

1.2 LIBRARY SERVICES

The four libraries in the Municipal area circulate books and library materials to the public. The department appointed 3 temporally assistant librarians and 2 cleaner at the libraries on a one year contract basis. The Library Development Programme was successfully implemented. We have appointed unemployed youth to collect all lost library books and materials. The effort was a huge success. The total budget of R240 000, 00 received from the Department of Sport Arts and Culture Directorate Library Services was spend according to the business plan submitted. The Department of Sport Arts and Culture Directorate Library Services started to build a new library for Richmond. The following programmes were implemented during the year:

- Appointed 5 temporary staff
- Repair the roof of Jannie Jansen Library
- Repair the burglars of Jannie Jansen Library
- Purchase of educational toys and materials for the libraries
- Purchase of library materials and books
- Purchased furniture for the libraries
- Paint of libraries outside and inside
- Fencing of library
- Conduct library week activities.
- Awareness campaigns
- Showing of educational videos
- Exhibit new books in libraries.
- Conduct talk shows at school and libraries

1.3 CLEANING & MAINTENANCE SERVICES

The Corporate & Community Services Department with help of the Technical department cleaned and maintained all office and buildings on a regular basis. The shortage of cleaning staff made our work clean the municipal buildings very difficult. Most of the times we have used project workers to clean the premises.

1.4 SECRETARIAL SERVICES

The department provided on a daily basis secretariat and committee services to the council. Switchboard services, reservations and S & T were handled by this section. The typing, distributing and compilation of council agendas and minutes were handled by this department. This department was also responsible for the monitoring of the implementation of council resolutions.

1.5 HOUSING SERVICE

The department corporate and community services was responsible to handle the entire administration of the building of 176 houses in Victoria west and 108 houses in Richmond. The projects were successfully implemented. A lot of people were trained during the lifespan of this project. This brought a huge economic boost to the towns. Local contract were also economically empowered. Two hundred en eighty four households were provided with quality 40 m² house. This department has started with different town planning processes and developed business plan that were submitted to the Department of Housing and Local government for funding. We have moved 270 families out of a flood area and provided them with erven with services.

1.6 INTEGRATED DEVELOPMENT PLAN (IDP)

The Corporate- and Community Services Department reviewed our IDP within the prescribed timeframe and was submitted to the MEC for Housing and Local Government. This IDP was assessed by the department of housing and local government. Several business plans were compiled and submitted to the different sector departments and funders. The following projects that were listed in the IDP were implemented during the year.

- Erecting of 5 high mast lightening
- Building of 284 houses
- Building of Access Road in Loxton
- Service of 170 plots with water and sanitation

SUPPORTING PROGRAMMES

1.7 MSIG ALLOCATION

The department compiled a business plan for the MSIG programme and was submitted to the Department of Provincial and Local Government. Ubuntu Municipality received an amount of R735 000, 00 for this programme. The department successfully implemented the programme. The following activities were implemented:

- Compiling of a Property valuation Roll
- Training of staff on the Property rates Act
- Developed a Property Rates Policy
- Purchased of relevant equipment for the Fixed Asset Register

- Compiling of a Fixed Asset Register.
- Develop a Fixed Asset Policy.

1.8 WATER SERVICE AUTHORITY CAPACITY DEVELOPMENT PROGRAMME (WSACDBP)

The department compiled a business plan for the WSACDBP programme and was submitted to the Department of Water Affairs and Forestry. Ubuntu Municipality received an amount of R735000, 00 for this programme. This department with the help of Marumo Focus a consultancy company appointed by DWAF successfully implemented the programme. The following activities were implemented.

- Health and Hygiene awareness programmes
- Developed a Water Service Development Plan
- Developed a Section 78 report d
- Purchased of bulk water meters
- Purchased prepaid water meters

1.9 DROUGHT RELIEF PROGRAMME

Ubuntu received an amount of R500 000, 00 for the drought relief programme from Department of Water Affairs and Forestry. This programme was successfully implemented. The money was used to do the following

- Water Demand management programme
- Supplied farmers with electricity to subtract water from a borehole

1.10 WARD COMMITTEES

The ward committee was in place but they were defunct.

1.11 COMMUNITY DEVELOPMENT WORKERS (CDW's)

The CDW handled and resolve community problems on a daily basis. In most instances they are very successful with their programmes. They have developed sound relationship with the public and other sector departments. The CDW's followed the following programmes:

- Door to door visits
- Labour disputes
- Back to school campaigns
- Resolve of social problems
- Support with the free basic services
- Youth programmes
- Paralegal advice
- Business advice

1.11 BYLAWS

The bylaws beneath were compiled, consulted and approved by council. Council and official were workshop on the bylaws

Advert and sign

Animals

Building Control

Cemeteries

Dog's control

Law Enforcement

Street trading

Water provision

Antennas

Caravan parks

Debt collection

Electricity

Fire Brigade

Fireworks

Municipal Commonage

Refuse

Standing orders

Swimming pool

Taxi Rank

Liquid petrol

Nature reserve

Dilapidated building and premises

Heavy vehicles parking

Nuisances

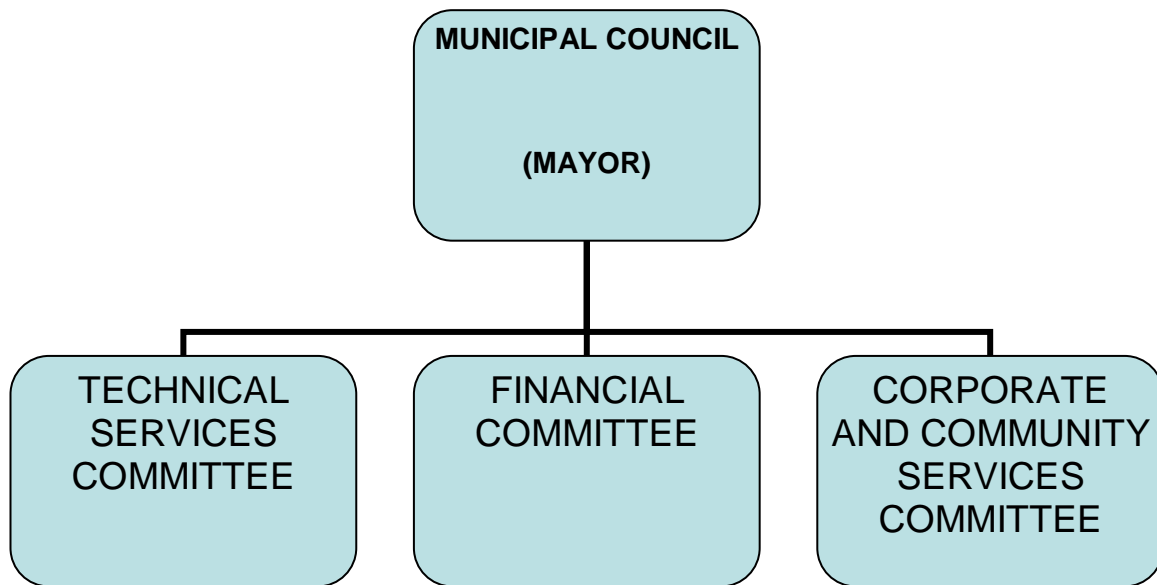
Public amenities

1.12 HUMAN RESOURCE MANAGEMENT

The council supports the national Labour legislation, bargaining agreements, guidelines and councils policies end Skills Development legislations.

1.13 INSTITUTIONAL STRUCTURE

The council is divided in to committee to assist council to function effective.



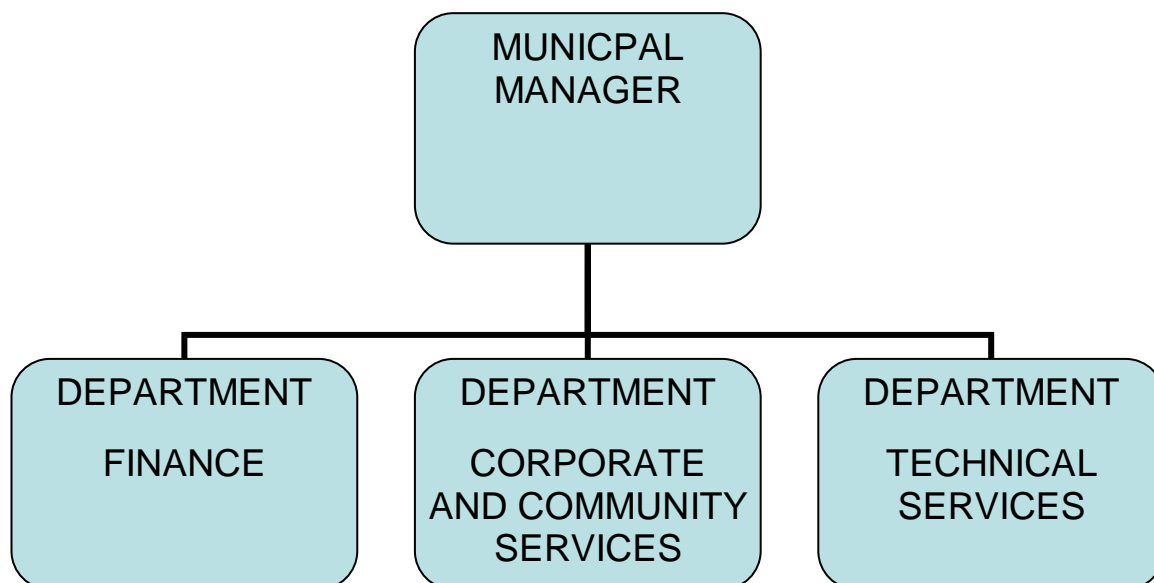
1.14 COUNCILORS TRAINING

The councilors were trained in the following area.

- Computer training
- Councilors Municipal Financial Management

1.15 ORGANIGRAM

The organogram was reviewed and approved by the council.



1.16 STAFF ESTABLISHMENT

The council's staff establishment is as follows:

- Approved post according to the Organogram	- 118
- Filled posts	- 80
- Vacant posts	- 38
- Mentor posts filled	- 10
- Mentor posts vacant	- 6
- Temporal staff in service	- 19
- Traffic Office Richmond	- 9
- Community Development Workers	- 8
- Personal Assistant of the Mayor	- 1
- Filing clerk	- 1

1.17 NEW APPOINTMENTS

The following appointments were made during the year:

- 8 Learnership (Municipal Finance and Administration Learnership)
- 1 Electrician
- 1 General worker (Electrical)
- 3 Temporally Assistant Librarians (year contract)
- 3 Cleaners (year contract)

1.18 RETIREMENTS

The following worker retired from the service of Ubuntu Municipality:

- Normal retirement - 1
- Early Retirement - 0
- Retirement because of ill health - 0

1.19 RESIGNATIONS / DISMISSALS / DEATH IN SERVICES /

The following worker is no more in service of the Municipality due to the following reasons:

- Resignations – 2
- Dismissals – 1
- Death in services – 3

All worker which retired, resigned, were dismissed or who died in service received their benefits from the pension funds and the Municipality. No cases is outstanding

1.20 SKILLS DEVELOPMENT

The Skills Development plan were compiled and consulted with the unions and was submitted within the prescribed timeframe to LGSETA. We have established a training committee who facilitates the implementation of the Skills Development Plan. Pixley Kaseme District Municipality appointed 10 learners that they seconded to as to be trained in al Municipal facets. The following training was conducted during the year under review:

- Record Management Training
- Supply Chain Management
- Free Basic & Monitoring training
- Introduction to Housing development
- Introduction to Local government Sustainability
- CCMA best practice
- Children's Rights Training
- Municipal Finance Management Programme Training
- Mentorship, Assessor & Coaching Training
- Counter intelligence and Information Training
- Electrician Training
- Oxidation Ponds Training
- Waste Treatment Training
- Ethics Management Training
- Municipal websites Implementation Training
- Disability Mainstreaming Training
- Water Purification Training

1.21 EMPLOYMENT EQUITY PLAN

The Employment Equity Plan were compiled and consulted with the unions and was submitted within the prescribed timeframe to the Department of Labour. The Municipality strived at all times to implement the Employment Equity Plan. This plan will be reviewed every year in October as prescribed by the Employment Equity Act

1.22 PERFORMANCE MANAGEMENT SYSTEM

The Performance Management System was compiled with the assistance of Pixley Kaseme District Municipality. The performance contracts were signed by the all section 57 employees. We have a challenge with the quarterly assessments due to the absence of the Performance committee. The Key performance areas were implemented as agreed.

1.23 OCCUPATIONAL HEALTH AND SAFETY

The department have established and trained Health & Safety Committee to supervise Occupational Health and Safety issue. We have also appointed Health & Safety Representatives in the different section. Regular health and safety meetings were held during the year. We have only reported 3 minor accidents to the Compensation Commissioner. No serious accidents were reported.

1.24 POLICY DOCUMENT

The department developed a Human Resource Policy document. This document was workshopped with the council, staff and the Unions. A few of the old policies were reviewed.

1.25 JOB DESCRIPTIONS

The job descriptions was redrafted and submitted to the TASK team of the SALGBC, due to changes made on the organogram. We still were awaiting the results of the evaluation of the job descriptions.

1.26 DISCIPLINE AND DISCIPLINARY HEARINGS

The general discipline of the workers has improved. When a staff member is involve in misconduct we have charge him and take him to a disciplinary hearing as prescribed by the Disciplinary Code Agreement. We had 15 disciplinary hearings during the year of which all case were successfully handled by the employer. Two cases were to the referred to the SALGBC for conciliation and arbitration. The Municipality won both cases at the SALGBC.

1.27 LOCAL LABOUR FORUM (LLF)

The LLF was established to consult and to negotiate labour related cases as prescribed in the Organisational Rights Agreement. The department have oversee that all bargaining council agreements have been adhered to as prescribed by the Organisational Rights Agreement and the Municipal Systems Act. The LLF have seated on a regular basis during the year.

1.28 LEAVE

The department captured all leave taken on a weekly basis on the financial system. On a monthly basis a leave register was printed and kept for audit purposes. The department had at all investigated disputes about leave and resolved them.

CHAPTER 2: GOOD MANAGEMENT AND PUBLIC PARTICIPATION

2.1 INTERNAL & EXSTERNAL POLITICAL SUPPORT

- Secretariat for Council - 12
- Scheduled council meeting - (General Council meeting) - 3
(Special Council meeting) – 4
(Committee Meetings) - 4
- Intergovernmental Relation Forum - 6
- Justice Forum Meetings - 3

2.2COMMUNITY PARTICIPATION PROCESS

The Corporate services department has organized several community participation processes for council as regulated by different pieces of legislation. The following processes were conducted during the year:

IDP Representative Forum meeting – 2

Budget consultation meeting – 5

Community meetings - 3

Consultation meetings about - 4

Placing of adverts of all councils activities in news papers and notice boards.

CHAPTER 3: LOCAL ECONOMIC DEVELOPMENT

The council availed the abattoir to Free Range Abattoir which has a huge economic boost for Victoria West. Many applications to rezone residential plot to business plot were approved to give people the opportunity to begin businesses. Permission was granted to the public to begin B&B. The council bought Merweville farm to assist the Emerging farmers with their farming. Council availed the entire commonage to the Emerging Farmers of Ubuntu. Emerging farmers are no longer farming on a primitive way but become commercial farmers. All the above effort of council brought a huge economic boost for the area. The opening of the Ubuntu Traffic Office in Richmond brought a lot of income for the Municipality to enhance service delivery. In all municipal projects we make use of the labour intensive method, where we make use of local laborers. Through the CDW and SEDA several SMME development training were conducted.

4. Chapter 4: Audited Statements and Related Financial Information

4.1 Financial Statements

UBUNTU MUNICIPALITY

1. OPERATING RESULTS

Details of the operating results per department are included in appendix E. The overall operating results for the year ended 30 June 2009 are as follows:

Income	Actual	Actual	Variance	Budget	Variance
	2008	2009	2008/2009	2009	Actual / Budget
	R	R	%	R	%
Beginning Surplus/(Deficit)	3 308 050	(2 268 571)			
Operating income for the year	26 645 186	44 463 864	66.87	41 472 156	-6.73
	29 953 236	42 195 293			
Expenditure					
Operating expenditure for the					
Year	26 277 033	41 477 703	57.85	41 472 446	-.02
Sundry transfers	(5 944 774)				
Closing surplus/deficit	(2 268 571)	2 904 533			
1.1 Rates and general services					
	Actual	Actual	Variance	Budget	Variance
	2008	2009	2008/2009	2009	Actual / Budget
	R	R	%	R	%
Income	20 288 135	36 311 142	78.98	31 132 356	-14.26
Expenditure	20 186 363	32 060 465	58.82	29 852 384	-17.79
Surplus (deficit)	101 772	1 640 017		1 279 972	
Surplus (deficit) as % of total					
Income	1	13.26		4.29	

UBUNTU MUNICIPALITY					
1.2	Trading services				
	Electricity				
	Actual	Actual	Variance	Budget	Variance
	2008	2009	2008/2009	2009	Actual / Budget
	R	R	%	R	%
Income	3 821 821	5 128 332	34.19	5 123 085	0.10
Expenditure	4 070 100	5 751 486	41.31	7 290 122	26.75
Surplus (deficit)	(248 279)	(623 154)		(2 167 037)	
Surplus (deficit) as % of total					
Income	(6.50)				
	Water works				
	Actual	Actual	Variance	Budget	Variance
	2008	2009	2008/2009	2009	Actual / Budget
	R	R	%	R	%
Income	2 445 909	3 024 390	23.65	5 216 715	72.49
Expenditure	1 858 699	3 665 752	37.22	4 329 940	18.12
Surplus (deficit)	587 210	(641 362)		886 775	
Surplus (deficit) as % of total					
Income	24.01	-21.21			

2. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2009 amounted to R1 535 173

3. FUNDS AND RESERVES

I am grateful to the Speaker, Councillors and the Municipal Manager
For the support given to me and to the staff of my own department for their assistance and support during the year.

Financial Manager
Me E CHRISTIANSEN

UBUNTU MUNICIPALITY

ACCOUNTING POLICIES : 2008/2009

1.BASIS OF PRESENTATION

The annual financial statements have prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

In accordance with section 122(3) of the Municipal Finance Management Act (Act No. 56 of 2003), the Municipality has adopted Standards of GAMAP and GRAP issued by the Accounting Standards Board during the financial year.

GRAP standards are fundamentally different to the fund accounting policies adopted in previous financial years.

The Municipality may have transactions, events or balances that are outside the ambit of GAMAP and GRAP but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

These standards are summarised as follows:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 7	Accounting for investments in associates
GRAP 8	Financial reporting of interests in joint ventures
GRAP 9	Revenue
GRAP 12	Inventories
GRAP 17	Property, plant and equipment
GRAP 19	Provisions, contingent liabilities and contingent assets

UBUNTU MUNICIPALITY

2. BASIS OF PRESENTATION

The annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUPTION

These financial statements have been prepared on a going concern basis.

4. RESERVES

4.1 Capital Replacement Reserve

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can be utilised only to finance items of property, plant and equipment. The CRR is reduced by a corresponding amount when amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

4.2 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from accumulated surplus/(deficit) to the Government Grant Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the estimated useful lives of the items of property, plant and equipment are offset by transfers from this Reserve to the accumulated surplus/(deficit).

4.3 Capitalisation Reserve

The balance of the capitalisation reserve equals the carrying value of the property, plant and equipment purchased from the former legislative funds. When items of property, plant and equipment is depreciated a similar amount is transferred from the capitalisation reserve.

UBUNTU MUNICIPALITY

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below. Heritage assets, defined as culturally significant resources, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Depreciation is calculated on cost, using the straight-line method over the estimated useful life of the assets. The annual depreciation rates are based on the following estimated asset lives.

	Years
Community Assets	
Recreational Facilities	30
Other assets	
Office equipment	3-10
Furniture & fittings	3-10
Plant & equipment	3-10
Motor vehicles	5

6. INVESTMENTS

6.1 Financial Instruments

Financial Instruments which include fixed deposits and short term deposits invested in registered commercial banks, are stated at cost.

6.2 Investment in Municipal Entities

No investment in municipal entities exist

7. LEASES

Leases are classified as finance leases where substantially all risks and rewards associated with the ownership of an asset are transferred to the municipality.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriated rates on the straight line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

UBUNTU MUNICIPALITY

8. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first

9. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

10. TRADE CREDITORS

Trade creditors are stated at their nominal value.

11. REVENUE RECOGNITION

- 1.11.1 Revenue from rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time proportion basis.
- 1.11.2 Revenue from the sale of goods is recognised when the risk is passed to the consumer.
- 1.11.3 Revenue arising from the application of the approved tariff of charges is generally recognised when the relevant service is rendered.
- 1.11.4 Interest and rental are recognised on a time proportion basis.
- 1.11.5 Government grants are recognised as revenue when all conditions associated with the grant have been met. Where grants have been received but the municipality has not met the condition, a liability is raised.
- 1.11.6 Amounts received from government and donors for the purpose of acquiring item of property, plant and equipment are also recognised as revenue in terms of paragraph 1.2.3 above.

12. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

UBUNTU MUNICIPALITY

13. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing Council.

14. CASH AND EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purpose of cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

15. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of Municipal Finance Management Act(No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act(No 56 of 2003), the Municipal Systems Act(No. 32 of 2000), the Public Office Bearers Act(No 30 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

UBUNTU MUNICIPALITY

18. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. The defined benefits funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2009

	Notes	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net assets		115 584 992	96 552 667
Capital Replacement Reserve	1	1 170 094	2 731 344
Capitalisation Reserve		74 926 630	75 304 352
Government Grant Reserve	1	34 416 376	19 784 686
Public Contributions and Donations		-	-
Accumulated Surplus/(Deficit)		5 071 892	(1 267 715)
Non-current liabilities			
Long - term liabilities	2	1 435 791	1 314 770
Current liabilities			
Current provisions	4	453 211	448 382
Creditors	3	1 301 197	726 102
Consumer Deposits		121 117	101 730
Unspent conditional grants and receipts	5	1 390 173	4 219 601
Bank overdraft	12	1 795 043	1 485 657
Current portion of long-term liabilities	2	99 382	271 560
Total net assets and liabilities		122 180 907	105 120 469

UBUNTU MUNICIPALITY

Assets

Non-current assets		109 411 208	95 144 019
Property, plant and equipment	6	109 342 999	95 089 037
Long - term receivables	8	68 209	54 982
Current assets		12 769 699	9 976 450
Inventory	9	-	-
Consumer debtors	10	5 620 735	1 989 154
VAT	11	589 493	927 784
Other debtors	11	4 023 037	313 300
Current portion of long-term debtors	8	-	7 011
Cash and cash equivalents	7	2 536 434	6 739 201
Total assets		122 180 907	105 120 469

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
Revenue			
Property rates	19.1	2 889 952	2 640 136
Property rates - penalties imposed and collection charges	19.1	-	437 278
Service charges	19.2	12 274 178	10,097,559
Rental of facilities and equipment		335 165	266,909
Interest earned – external investments		238 276	227 905
Interest earned - outstanding debtors		1 520 977	898,237
Fines		5 554 197	3,872,606
Licences and permits		235 340	208,151
Income: Agency Services		40 785	
Government grants and subsidies	13	9 466 128	7,437,817
Other income	19.3	11 886 330	558,588
Public contributions and donations		13 070	-
Gains on disposal of assets		9 466	
Interdepartmental Charges		-	-
Total Revenue		44 463 864	26 645 186

UBUNTU MUNICIPALITY

EXPENDITURE

Employee related costs	14	11 426 657	10,132,440
Remuneration of Councillors	15	1 583 007	1,423,440
Bad debts		260 000	-
Collection costs		-	-
Depreciation	6	2 380 280	-
Repairs and maintenance		1 155 995	1,047,772
Interest paid		491 959	558 016
Bulk purchases	19.4	4 344 689	3,160,155
Contracted services		1 332 018	-
Grants and subsidies paid		3 404 608	-
General expenses	19.5	15 098 489	9,955,210
Loss on disposal of property, plant and equipment		-	-

Total Expenditure

41 477 702 26 277 033

SURPLUS/(DEFICIT) FOR THE YEAR

2 986 162 368 153

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others		44 463 864	26 645 186
Cash paid to suppliers and employees		35 880 259	28 236 787
Cash generated from / (required by) operating activities	23	8 583 605	(1 591 601)
Interest received		1 520 977	(8 380)
Interest paid		(491 959)	(224 773)
NET CASH FROM OPERATING ACTIVITIES		9 612 623	(1 824 754)

UBUNTU MUNICIPALITY

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds on disposal of property, plant and equipment
 Proceeds from rental of facilities and equipment
 Purchase of property, plant and equipment
 Increase in non current investments
 Decrease in long term receivables

-	-
335 165	266 909
(16 634 242)	(5 366 646)
-	-
(13 227)	(63 007)

NET CASH FROM INVESTING ACTIVITIES

(16 312 304)	(5 162 744)
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CASH FLOWS FROM FINANCING ACTIVITIES

Payments of capital element of interest bearing borrowings
 New loans raised/(repaid)

(51 157)	(224 773)
-	-

NET CASH FROM FINANCING ACTIVITIES

(51 157)	(224 773)
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NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS

(4 202 767)	407 355
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Balance at the beginning of the year

6 739 201	6 331 846
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Balance at the end of the year

2 536 434	6 739 201
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(12 160 694)	(5 794 872)
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UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
1	RESERVES		
	Capital Replacement Reserve	1 170 094	2 731 344
	Capital Reserve	74 926 630	75 304 352
	Government Grant Reserve	34 416 376	19 784 686
	Trust fund		
	Total Reserves	110 513 100	97 820 382
2	LONG TERM LIABILITIES		
	External loans	1 535 173	1 586 330
		(99382)	
	Less: Current portion transferred to current liabilities)	(271 560)
	Total External Loans	1 435 791	1 314 770
	Refer to Appendix A for more detail on long-term liabilities.		
3	CREDITORS		
	Trade Creditors	331 675	373 779
	Suspence Creditors	487 370	173 431
	Salary Control	4 318	6 197
	Debtors Payment in Advance	477 835	172 695
	Total Creditors	1 301 197	726 102

UBUNTU LOCAL MUNICIPALITY

4	CURRENT PROVISIONS	453 211	448 382
	Provision for leave pay	453 211	448 382
	At the beginning of the year	448 382	387 782
	Contribution during the year	(467)	60 600
	Leave paid out during the year	5 296	-
5	UNSPENT CONDITIONAL GRANTS AND SUBSIDIES		
	Project Access Road Victoria West	-	(623 325)
	Project Library	11 154	211 618
	Project Water Victoria West	8 155	8 155
	Project Survey of Land	1 551	3 546
	Project Electricity Richmond	22 042	22 042
	Project Electricity Victoria West	6 589	6 589
	Project Water Loxton	200 539	613 128
	Project Sanitation Mandela Square	51 221	52 521
	Project Housing Victoria West	-	1 411 504
	Project Housing Richmond	(0)	870 506
	Renovations and Repair of Sport	26 596	
	Project Enviornmental	523	523
	MIG Fund	114 998	
	Project Ubuntu Waterservice Plan	111 188	95 606
	Project Sanitation Pumpstation	-	38 998
	Project Highmass Lightning	-	398 372
	Electricity Project Richmond	611 736	-

UBUNTU LOCAL MUNICIPALITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R
Drought Relief Fund	51 357	515 388
Eradication of Buckets	-	84 340
Sport Development	685	42 251
O & M Sewerage Pipe	(0)	(86 563)
Project Road Loxton	(0)	78112
Solid Waste Site Victoria West	106 344	100 000
MSIG Grant	65 498	376 290
Total (Transferred to Creditors)	1 390 173	4 219 601

6 PROPERTY, PLANT AND EQUIPMENT

	Community	Other	Total
Reconciliation of carrying value	Assets	Assets	
	R	R	R
1 July 2007			
Cost	474 397	92 145 586	92 619 983
Accumulated depreciation	(5 039)	(2 474 093)	(2 479 132)
Carrying value 30 June 2008	469 358	94 619 679	95 089 037
Acquisitions	-	16 634 242	16 634 242
Depreciation	5 600	2 374 680	2 380 280
Disposal	-	-	-
Write-offs	-	-	-
Carrying value 30 June 2009	463 758	108 879 241	109 342 999

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

7 CASH AND CASH EQUIVELANTS

*	2009	2008
Short term deposits	2 322 990	6 699 091
Cash on Hand	<u>213 444</u>	<u>40 110</u>
Total Cash Investments	<u>2 536 434</u>	<u>6 739 201</u>
FNB - Acc.no.71 08814 7792 - Subsidie Kerkstraat Investment	798 159	727 564
FNB - Acc.no.71 08730 6258 - CRR Investment	1 170 094	1 066 603
FNB - Acc.no.62 05698 7088 - Projek Nasionale Tesourie Investment	1 056	2 170
FNB - Acc.no.62 04611 0920 - Projek Biblioteek Investment	30 786	234 768
FNB - Acc.no.62 05001 7021 - Equitable Share Investment	1 017	15 500
FNB - Acc.no.62 07015 8574 - Survey of plot Investment	1 552	2 476
FNB - Acc.no.62 07521 0973 - Water Loxton Investment	1 135	613 124
FNB - Acc.no.62 08647 7760 - Own Funds Investment	1 089	1 301
FNB - Acc.no.62 08984 3744 - Project Consolidate MSIG Investment	10 369	333 684
FNB - Acc.no.62 10962 1583 - Sanitation Pumpstation Investment	-	38 700
FNB - Acc.no.62 10289 8519 - Housing Project Victoria West Investment	1 155	1 407 971
FNB - Acc.no.62 11957 3477 - Housing Project Richmond Investment	11 387	871 418
FNB - Acc.no.62 12481 9262 - Water Meters Investment	2 346	94 903
FNB - Acc.no.62 14251 4894 - High Mast Lighting Investment	10 435	98 241
FNB - Acc.no.62 07696 300 - Leave Reserve Fund Investment	58 506	53 301
FNB - Acc.no.62 17213 8797 - Sport Development Investment	1 035	40 734
FNB - Acc.no.62 17405 7680 - Drought Relief Funds Investment	51 357	1 014 558
FNB - Acc.no.62 18164 4462 - Road Project Loxton Investment	2 126	82 075
FNB - Acc.no.62 18831 8333 - Skills Development Fund	93 870	-
FNB - Acc.no.62 18925 8372 - EIA Solid Waste	6 344	-

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

FNB - Acc.no.62 16385 3883 - Eradication of Buckets	1 467	-
FNB - Acc.no.62 08897 7065 - Electricity Project Richmond	17 133	-
	48	
FNB - Acc.no.62 2039 8235 - Renovation & Repair Sport	749	-
FNB - Acc.no.62 20922 9831 - MIG Fund	1 823	-
Cash on Hand	213 444	40 110
<i>(Revolvingfund Investment held for surety for bankoverdraft.)</i>	<u>2 322 990</u>	6 699 091

8 LONG TERM RECEIVABLES

Housing loan : P.Minies	10 600	54 193
Councillor Allowances	121 259	71 450
Less: Current portion transferred to current receivables	-	(7 011)
	<u>131 859</u>	118 632
Less: Provision for bad debts Councillors	<u>(63 650)</u>	(63 650)
	<u>68 209</u>	54 982

9 INVENTORY

Consumable stores	-	-
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UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

10 CONSUMER DEBTORS

As at 30 June 2009	Gross Balances	Provision for Bad Debts	Net Balance
Service Debtors			
Rates	5 459 180	3 964 800	1 494 380
Electricity	1 373 632	806 400	567 232
Water	5 221 318	3 476 200	1 745 118
Other	7 566 606	5 752 600	1 814 006
 TOTAL	 19 620 735	 14 000 000	 5 620 735

As at 30 June 2008	Gross Balances	Provision for Bad Debts	Net Balance
Service Debtors			
Rates	4 454 847	3 891 168	563 679
Electricity	905 317	791 424	113 893
Water	3 905 237	3 411 642	493 595
Other	6 463 753	5 645 766	817 987
 TOTAL	 15 729 154	 13 740 000	 1 989 154

	2009 R	2008 R
Rates: Ageing		
Current (0 – 30 days)	169 541	151 638
31 - 60 Days	123 841	111 431
61 - 90 Days	112 304	105 757
+ 90 Days	5 053 494	4 086 021
TOTAL	5 459 180	4 454 847

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Electricity, Water and Sewerage & Other: Ageing

Current (0 – 30 days)	888 326	646 400
31 - 60 Days	396 827	459 490
61 - 90 Days	371 993	376 425
+ 90 Days	12 503 896	9 791 992
TOTAL	14 161 042	11 274 307

Summary of Debtors by Customer Classification 30 June 2009	Consumer s	Industri al/ Commer cial	National and Provinci al
	R	R	R
Current (0 – 30 days)	951 346	45 748	9 698
31 - 60 Days	870 294	44 742	10 170
61 - 90 Days	575 995	17 121	8 700
+ 90 Days	16 185 947	747 873	257 133
Sub-total	18 583 582	855 484	285 701
Less: Provision for bad debts	13 900 000	100 000	-
	4 683		
Total debtors by customer classification	582	755 484	285 701

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Summary of Debtors by Customer Classification 30 June 2008	Consumers	Industrial / Commercial	National and Provincial
	R	R	R
Current (0 – 30 days)	899 054	33 195	8 586
31 - 60 Days	481 944	8 393	7 384
61 - 90 Days	446 634	9 283	7 264
+ 90 Days	13 051 162	615 681	160 574
Sub-total	14 878 794	666 552	183 808
Less: Provision for bad debts	13 053 000	549 600	137 400
Total debtors by customer classification	1 825 794	116 952	46 408

	2009	2008
<u>Reconciliation of the bad debt provision</u>	R	R
Balance at beginning of the year	(13 740 000)	(7 873 891)
Contributions to provision	(260 000)	(5 866 109)
Bad debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	(14 000 000)	(13 740 000)

11 OTHER DEBTORS

Vat Repayable	589 493	927 784
Fuel Deposits	51,000	51,000
Electricity Deposit Richmond	16,300	7,800
Suspense Debtors	11,600	242,123
Cash Controle	0	2,693
Medical Contributions	0	9,684
Recoverable from Grants (Bridging funding form the National Housing Fund to be recovered)	3,944,137	
TOTAL	4 023 037	313 300

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

12 Current Account (Primary Bank Account)

First National Bank - Church Street - Victoria West

Account number: 54 06233 8032

Cash book balance at beginning of year - (overdrawn)	<u>1 485 657</u>	1 484 997
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Cash book balance at end of year - (overdrawn)	<u>1 795 043</u>	1 485 657
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Bank statement balance at beginning of year - (overdrawn)	<u>209 430</u>	1 046 195
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Bank statement balance at end of year - (overdrawn)	<u>593 316</u>	209 430
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2009 2008

R

R

13 **GOVERNMENT GRANTS AND SUBSIDIES**

Equitable share	8 588 695	6 825 717
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Financial Management Grant	500 000	500 000
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Health Subsidie	-	112 100
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Total Government Grant and Subsidies	<u>9 088 695</u>	7 437 817
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UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

13.1 Equitable Share

Balance unspent at beginning of year	-	-
Current year receipts	8 588 695	6 825 717
Conditions met - transferred to revenue	(8 588 695)	(6 825 717)
Conditions still to be met - transferred to current liabilities (see note 5)	-	-

The Equitable Share is an unconditional grant and is utilised to assist the municipality undertake service delivery.

13.2 MSIG

Balance unspent at beginning of year	376 290	1 056 525
Current year receipts	750 000	734 000
Interest on Investment	50 943	119 096
Conditions met	(1 111 735)	(1 533 331)
Conditions still to be met - transferred to liabilities (see note 5)	65 498	376 290

The fund is used to assist the municipality in building capacity of the personnel to perform their functions and stabilise institutional and governance systems as required by the Municipal Systems Act of 2000 .

13.3 Financial Management Grant

Balance unspent at beginning of year	-	-
Current year receipts	500 000	500 000
Conditions met	(500 000)	(500 000)
Conditions still to be met - transferred to liabilities (see note 5)	-	-

The grant was allocated by National Treasury to assist with training of personnel and the

implementation of GRAP and to compile a GRAP fixed asset register.

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

13.4 Project Access Road Victoria West

Balance overspent at beginning of year	(623 325)	(518 364)
Current year receipts	-	-
Conditions met	-	(180 896)
Written Off/Transfer /Adjustment	623 325	75 935
Conditions still to be met - transferred to liabilities (see note 5)	-	(623 325)

13.5 Project Library

Balance unspent at beginning of year	211 618	15 619
Current year receipts	240 200	338 000
Conditions met	(457 946)	(153 186)
Interest on Investment	17 282	11 184
Conditions still to be met - transferred to liabilities (see note 5)	11 154	211 618

2009	2008
R	R

13.6 Project Water Victoria West

Balance unspent at beginning of year	8 155	8 155
Current year receipts	-	-
Conditions met	-	-
Interest on Investment	8 155	11 184
Conditions still to be met - transferred to liabilities (see note 5)	8 155	8 155

13.7 Project Survey of Land

Balance unspent at beginning of year	3 546	2 390
Current year receipts	-	-
Conditions met	(2 063)	-
Interest on Investment	68	1 156

5)	Conditions still to be met - transferred to liabilities (see note	1 551	3 546
----	---	--------------	-------

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

13.8 Project Electricity Richmond

Balance unspent at beginning of year	22 042	22 042
Current year receipts	-	-
Conditions met	-	-
Conditions still to be met - transferred to liabilities (see note 5)	22 042	22 042

13.9 Project Electricity Victoria West

Balance unspent at beginning of year	6 589	6 067
Current year receipts	-	-
Conditions met	-	-
Written Off/Transfer /Adjustment		522
Conditions still to be met - transferred to liabilities (see note 5)	6 589	6 589

13.10 Project Water Loxton

Balance unspent at beginning of year	613 128	920 347
Current year receipts	-	-
Conditions met	(450 538)	(362 713)
Interest on Investment	37 949	55 490
Written Off/Transfer /Adjustment		4
Conditions still to be met - transferred to liabilities (see note 5)	200 539	613 128

13.11 Project Sanitation Pumpstation

Balance unspent at beginning of year	38 998	472 788
Current year receipts	-	-
Conditions met	(41 602)	(448 868)
Interest on Investment	2 604	15 078
Conditions still to be met - transferred to liabilities (see note 5)	-	38 998

13.12 Project Sanitation Mandela Square

Balance unspent at beginning of year	52 521	125 400
Current year receipts	-	400 000

Conditions met	(1 300)	(482 457)
Interest on Investment		164
Written Off/Transfer /Adjustment		9 414
Conditions still to be met - transferred to liabilities (see note 5)	51 221	52 521

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
13.13 Project Housing Victoria West		
Balance overspent at beginning of year	1 411 504	(29 061)
Current year receipts	6 201 390	2 769 446
Conditions met	(8 363 155)	(1 397 366)
Interest on Investment	141 434	59 522
Written Off/Transfer /Adjustment	608 827	8 963
Conditions still to be met - transferred to liabilities (see note 5)	-	1 411 504
13.14 Project Housing Richmond		
Balance unspent at beginning of year	870 506	239 828
Current year receipts	4 788 227	2 421 107
Conditions met	(7 061 545)	(1 815 887)
Interest on Investment	34 081	25 458
Written Off/Transfer /Adjustment	1 368 731	
Conditions still to be met - transferred to liabilities (see note 5)	(0)	870 506
13.15 Project Enviornmental		
Balance unspent at beginning of year	523	523
Current year receipts	-	-
Conditions met	-	-
Conditions still to be met - transferred to liabilities (see note 5)	523	523
13.16 Project Ubuntu Waterservice Plan		
Balance unspent at beginning of year	95 605	322 315
Current year receipts	903 232	814 916
Conditions met	(896 558)	(1 072 177)

	Interest on Investment	8 909	30 551
	Conditions still to be met - transferred to liabilities (see note		
5)		111 188	95 605

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

13.17 MIG Fund

	Balance unspent at beginning of		
year		-	-
	Current year receipts	1 000 000	-
	Conditions met	(893 405)	-
	Interest on Investment	8 403	-
	Conditions still to be met - transferred to liabilities (see note		
5)		<u>114 998</u>	-

13.18 Project Highmass Lighting

	Balance unspent at beginning of		
year		398 372	29 329
	Current year receipts	100 000	777 641
	Conditions met	(1 732 015)	(419 145)
	Interest on Investment	16 962	10 547
	Written Off/Transfer /Adjustment	1 216 681	
	Conditions still to be met - transferred to liabilities (see note		
5)		-	398 372

13.19 Drought Relief Fund

	Balance unspent at beginning of		
year		515 388	-
	Current year receipts	-	500 000
	Conditions met	(495 671)	-
	Interest on Investment	31 640	15 388
	Conditions still to be met - transferred to liabilities (see note		
5)		51 357	515 388

13.20 Eradication of Buckets

Balance unspent at beginning of year	84 340	-
Current year receipts	307 560	1 777 032
Conditions met	(465 340)	(1 692 766)
Interest on Investment	4 172	74
Written Off/Transfer /Adjustment	69 268	
Conditions still to be met - transferred to liabilities (see note 5)	-	84 340

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
13.21 Sport Development		
Balance unspent at beginning of year	42 251	-
Current year receipts	193 618	100 000
Conditions met	(236 207)	(60 246)
Interest on Investment	1 023	2 497
Conditions still to be met - transferred to liabilities (see note 5)	685	42 251
13.22 O & M Sewerage Pipe		
Balance unspent at beginning of year	(86 563)	-
Current year receipts	161 479	669 490
Conditions met	(153 003)	(759 399)
Interest on Investment	-	3 346
Written Off/Transfer /Adjustment	78 086	
Overspend on Project - transferred to liabilities (see note 5)	(0)	(86 563)
13.23 Project Road Loxton		
Balance unspent at beginning of year	78 112	-
Current year receipts	301 281	600 000
Conditions met	(988 032)	(526 968)
Interest on Investment	6 094	5 079
Written Off/Transfer /Adjustment	602 545	
Conditions still to be met - transferred to liabilities (see note 5)	(0)	78 112
13.24 Solid Waste Site Victoria West		
Balance unspent at beginning of year	100 000	-
Current year receipts	7 211	100 000
Conditions met	(867)	-
Conditions still to be met - transferred to liabilities (see note 5)	106 344	100 000

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
Current year receipts	3 915 995	-
Conditions met	(3 304 259)	-
Conditions still to be met - transferred to liabilities (see note 5)	611 736	-
13.26 Renovations and Repairs of Sports Facilities		
Balance unspent at beginning of year	-	-
Current year receipts	451 991	-
Conditions met	(425 396)	-
Conditions still to be met - transferred to liabilities (see note 5)	26 596	-

13.27 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act of 2006), no significant changes in the level of government grant funding are expected over the forthcoming two financial years.

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
14 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	8 302 318	6 961 829
Employee related costs - Contributions for UIF, pensions and medical aids	1 463 219	1 389 711
Travel, motor car, telephone, assistance and other allowances	653 125	727 794
Housing benefits and allowances	46 878	48 878
Overtime payments	532 322	341 624
Bonuses	428 795	401 381
Redemption of leave	-	261 223
Total Employee Related Costs	11 426 657	10 132 440
 Remuneration of the Municipal Manager		
Annual Remuneration	454 816	340 661
Housing Subsidy	-	7 200
Travelling Allowance	129 960	104 000
Telephone Allowance	4 620	4 200
Performance Bonuses	76 565	-
Contributions to UIF, Medical and Provident Funds	96 008	43 849
Total	761 970	499 909
 Remuneration of the Chief Financial Officer		
Annual Remuneration	344 633	188 391
Travelling Allowance	81 683	75 423
Telephone Allowance	3 780	3 780
Performance Bonuses	46 099	-
Contributions to UIF, Medical and Provident Funds	-	25 292
Total	476 195	292 886

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
Remuneration of Head: Corporate Services		
Annual Remuneration	267 175	246 695
Travelling Allowance	81 683	75 423
Telephone Allowance	4 099	3 780
Performance Bonuses	39 108	-
Contributions to UIF, Medical and Provident Funds	57 016	22 682
Total	449 081	348 580
Remuneration of Head: Infrastructure and Technical Services		
Annual Remuneration	275 981	254 825
Housing Subsidy	12 346	11 400
Travelling Allowance	90 972	84 000
Telephone Allowance	4 098	3 780
Performance Bonuses	50 709	-
Contributions to UIF, Medical and Provident Funds	-	24 400
Total	434 106	378 405
15 REMUNERATION OF COUNCILLORS		
Mayor	294 281	262 652
Mayor pension contribution	51 932	44 861
Mayor Cell phone allowance	15 984	13 399
Mayor Travel allowance	121 420	90 483
Mayor Back Pay	15 342	36 194
Councillors	617 988	554 811
Councillors' pension contribution	109 056	94 208
Councillors' Travel allowance	69 804	213 587
Councillors' Back Pay	254 982	54 690
Councillors' Cell phone allowance	32 218	58 555
Total Councillors' Remuneration	1 583 007	1 423 440
16 INTEREST PAID ON EXTERNAL BORROWINGS		
External loans	491 959	224 773
Total Interest on External Borrowings	491 959	224 773

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009

2008

17 GRANTS AND SUBSIDIES PAID

Total Grants and Subsidies

-

-

The Municipality identifies projects which are funded through grants and subsidies . Projects are identified through the Integrated Development Plan. The operation and control of items of property, plant and equipment funded through these grants and subsidies vests in the local municipality.

18 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Contributions to Local Government Organisation

Opening balance

-

Current year's contribution

207 056

Amount paid - current year

(207 056)

-

Amount paid - previous years

-

Balance unpaid

-

-

Audit fees

Opening balance

-

Current year's contribution

855 242

577 539

Amount paid - current year

(855 242)

(577 539)

Balance unpaid (included in creditors)

-

-

VAT

Opening balance

761 169

-

Current year input VAT

6 899 832

3 072 402

Current year output VAT

1 133 583

886 272

Amount paid (received) - previous year and corrections

(5 176 756)

(1 424 961)

Balance

3 617 828

761 169

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
<u>PAYE and UIF</u>		
Opening balance	-	
Current year payroll deductions	1 257 916	1 125 854
Amount paid - current year	(1 257 916)	(1 125 854)
Amount paid - previous years		-
Balance unpaid (included in creditors)	-	-
<u>Pension and Medical Aid Deductions</u>		
Opening balance	-	
Current year payroll deductions and council contributions	2 606 941	2 184 295
Amount paid - current year	(2 606 941)	(2 184 295)
Amount paid - previous years		-
Balance unpaid (included in creditors)	-	-
19 DISCLOSURES IN RESPECT OF SERVICES		
19.1.Property Rates	2 889 952	2 640 136
Penalties Property Rates	-	437 278
19.2.Service Charges	12 274 128	10 097 559
19.3.Other Income	11 804 702	558 588
19.4.Bulk Purchases		
Electricity	3 920 740	2 804 715
Water	423 949	355 440
	4 344 689	3 160 155
19.5.General Expenses	15 098 489	9 955 210
20 RETIREMENT BENEFIT INFORMATION		

The personnel are members of the Cape Joint Retirement Fund or the SAMWU Provident Fund or the National Fund for Municipal Workers or SALA. According to recent actuarial valuations all funds reflected an actuarial surplus. The council's and members contribution to the abovementioned funds for the financial year amounted to R 1,600,993.06.

The concillors are members of the Municipal Councillors Pension Fund. The council's and members contribution to the fund for the financial year amounted to R 301,357.00.

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
21 CONTINGENT LIABILITY	75 884	-

A claim in respect of SALA (a recognised pension fund) regarding shortfall of contributions may arise.

22 **COMPARISON WITH THE BUDGET**

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures D (1) and D (2).

23 **Cash generated by operations**

Reconciliation of net operating profit to cash generated in operations

Net operating profit/(loss)	2 986 162	368 153
Adjusted for:		
Depreciation	2 380 280	-
Non operating income - rental received	(335 165)	(266 909)
Interest earned	(1 520 977)	8 380
Interest paid	491 959	224 773
Adjustments in respect of previous years' operating transactions	-	-
Decrease in capital replacement reserve	-	-
Prior year adjustments to reserves	-	-
Changes in working capital:		
(Decrease)/Increase in inventory	-	-
(Decrease)/Increase in accounts receivable	7 003 028	(1 261 369)
(Decrease)/Increase in accounts payable	(2 421 682)	(664 629)
	8 583 605	(1 591 601)

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
24 CASH AND CASH EQUIVALENTS		
Balance at the beginning of the year	6 739 201	6 331 846
Balance at the end of the year	2 536 434	6 739 201
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4 202 767)	407 355

25 CHANGE IN ACCOUNTING POLICY- IMPLEMENTATION OF GRAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP: -

25.1 Statutory Funds

Balance previously reported: -

Revolving Fund	4,795,976
Trust Fund	3,843,311
Total	8,639,287

Implementation of GRAP

Transferred to the Capital Replacement Reserve	2,731,344
Transferred to Accumulated Surplus/(Deficit) (see 25.8 below)	5,907,943
Transferred to the Housing Development fund	-
Transferred to the Government Reserves	-
Transferred to the Donations and Public contribution reserves	-
Total	8,639,287

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
25.2 Loans Redeemed and Other Capital Receipts		
Balance previously reported		104 155 253
Implementation of GRAP		
Transferred to Government Grant Reserve	-	(33 270 082)
Transferred to Donations and Public Contribution Reserve	-	(66 736 931)
Transferred to Accumulated Depreciation	-	(2 479 132)
Transferred to the Capitalisation Reserve	-	(105 847)
Transferred to Accumulated Surplus/(Deficit) (see 25.8 below)	-	(1 563 261)
Total	-	(104 155 253)

25.3 Provisions and Reserves

Balance previously reported		
Infrastructure Replacement Reserve	-	-
Tariff Equalization Reserve	N/A	N/A
Valuation Roll Reserve	-	-
Staff Bursary Reserve	-	-
Total	-	-
Implementation of GRAP		
Transferred to Accumulated Surplus/(Deficit) (see 25.8 below)	-	-

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
25.4 Inventory		
Balance previously reported	NIL	NIL
Implementation of GRAP		
Transferred to Accumulated Surplus/(Deficit) (see 25.8 below)	-	-
Water previously expensed now shown as inventory	-	-
Write-down of spare parts to unauthoriz value	-	-
Write-down of unsold properties to unauthoriz value	-	-
Total	-	-
25.5 Non-current provisions		
Balance previously reported	-	-
Implementation of GRAP	N/A	N/A
Transferred from Accumulated Surplus/(Deficit) (see 25.8 below)	-	-
Landfill	-	-
Long-service	-	-
Total	-	-

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
25.6 Property, plant and equipment		
Balance previously reported	0	106,155,233
Implementation of GRAP		
Assets at fair value - recorded to Accumulated Surplus/(Deficit)		(13 586 203)
(see 25.8 below)		
Total	0	92,569,030
25.7 Accumulated Depreciation		
Balance previously reported	0	0
Implementation of GAMAP		
Backlog depreciation: Community Services	0	894,753
Backlog depreciation: Subsidised Services	0	1,411
Backlog depreciation: Economic Services	0	451,595
Backlog depreciation: Sub Economical Housing	0	0
Backlog depreciation: Water	0	793,639
Backlog depreciation: Electricity	0	337,734
Total (Loans Redeemed and Other Capital receipts)	-	2,479,132
25.8 Accumulated Surplus/(Deficit)		
Accumulated surplus at the beginning of the year		

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
Implementation of GRAP		(7 650 914)
Adjustments to inventory (see 25.4 above)		0
Excessive provisions and reserves no longer permitted (see 25.3 above)		0
Non-current provisions previously not unauthoriz (see 25.5 above)		0
Transferred from statutory funds (see 25.1 above)		3 736 389
Transferred from Loans Redeemed and Other Capital Receipts (see 25.2 above)		1 563 261
Fair value of Property, Plant and Equipment correction (see 25.6 above)		(13 586 203)
Previous year adjustments		635 639

26. CHANGE IN ACCOUNTING POLICY – LEVY INCOME RECOGNITION

During the year, the Municipality changed its accounting policy in respect of Regional Service Levies from the cash received basis to the payment due basis. The reason

for the change in accounting policy is to comply with the requirements of GRAP 9

on revenue recognition which requires municipalities to use the payment due basis.

N/A

N/A

The comparative amounts have been appropriately restated. The effect of this

change in accounting policy is as follows: -

0

Increase in Regional Services Levies and surplus/(deficit) for the year

0

The effect of the change in accounting policy at the beginning of the year on the

accumulated surplus/(deficit) is as follows:

0

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
27. CORRECTION OF ERROR		
During the year ended 30 June 2009, improvements to land were erroneously expensed as repairs and maintenance: -		
	N/A	N/A
The comparative amount has been restated as follows: -		
Corrections of improvements to libraries expensed as repairs and maintenance		
Depreciation		
Net effect on surplus/(deficit) for the year		
28. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities (see Note 2)	1,535,173	1,586,330
Used to finance property, plant and equipment – at cost	-	-
Sub- total	1,535,173	1,586,330
Cash set aside for the repayment of long-term liabilities (see note 17)	-	
Cash invested for repayment of long-term liabilities	1,535,173	1,586,330

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Long-term liabilities have been utilized in accordance with the Municipal Finance

Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

29. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

29.1 Unauthorised expenditure

Reconciliation of unauthorized expenditure

Opening balance

Unauthorised expenditure current year	N/A	N/A
---------------------------------------	-----	-----

Approved by Council or condoned

Transfer to receivables for recovery (note 16)

Unauthorised expenditure awaiting authorisation

29.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	0	0
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Fruitless and wasteful expenditure current year	15,250	80,605
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Condoned or written off by Council	-15,250	-80,605
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To be recovered – contingent asset (see note 40)	-	-
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Fruitless and wasteful expenditure awaiting condonement	0	0
--	----------	----------

Incident

Interest paid on late payment of Creditors.

29.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	N/A	N/A
-----------------	-----	-----

Irregular expenditure current year	-	-
------------------------------------	---	---

Condoned or written off by Council	-	-
------------------------------------	---	---

Transfer to receivables for recovery – not condoned	-	-
---	---	---

Irregular expenditure awaiting condonement	-	-
---	----------	----------

Incident

None

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009	2008
R	R

30. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

30.1 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

30th June 2008	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding More than 90 days</u>
	<u>R</u>	<u>R</u>	<u>R</u>
Councillors	-	-	-
Total Councillor Arrear Consumer Accounts	0	0	0

30th June 2009	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
	<u>R</u>	<u>R</u>	<u>R</u>
Councillor LL Adams	965	787	178
Councillor SC Jordaan	6,633	603	6,030
Councillor K Riegert	6,239	1,665	4,574
Total Councillor Arrear Consumer Accounts	13,837	3,055	10,782

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

30.2 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

The Municipality has developed a supply chain management policy and it was implemented on 1 July 2006.

31. COMMITMENTS	2009	2008
	R	R
Commitments in respect of capital expenditure:		
- Approved and contracted for		
Infrastructure	0	1,644,532
Community	0	220,363
Heritage	0	0
Other	0	84,340
Housing Development Fund	0	2,273,047
Investment Properties	0	0
Total	0	4,222,282
- Approved but not yet contracted for		
Infrastructure	0	0
Community	0	0
Heritage	0	0
Other	0	0
Housing Development	0	0
Investment Properties	0	0
Total	0	0
Commitments in respect of current expenditure:		
- Approved and contracted	0	0
This expenditure will be financed from:		
- External Loans	0	0
- Capital Replacement Reserve	0	0
- Government Grants	0	4,222,282
- Own resources	0	0
- District Council Grants	0	0
Total	0	4,222,282
32. RETIREMENT BENEFIT INFORMATION	N/A	N/A

UBUNTU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

33. CONTINGENT ASSET	N/A	N/A
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34. IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following in-kind donations and assistance

Description	N/A	N/A
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35. PRIVATE PUBLIC PARTNERSHIPS

(Record the following information to the extent possible)

Ubuntu Municipality has no private public partnerships

36. EVENTS AFTER THE REPORTING DATE	N/A	N/A
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	Notes	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net assets		115 584 992	96 552 667
Capital Replacement Reserve	1	1 170 094	2 731 344
Capitalisation Reserve		74 926 630	75 304 352
Government Grant Reserve	1	34 416 376	19 784 686
Public Contributions and Donations		-	-
Accumulated Surplus/(Deficit)		5 071 892	(1 267 715)
Non-current liabilities			
Long - term liabilities	2	1 435 791	1 314 770
Current liabilities		5 160 124	7 253 032
Current provisions	4	453 211	448 382
Creditors	3	1 301 197	726 102
Consumer Deposits		121 117	101 730
Unspent conditional grants and receipts	5	1 390 173	4 219 601
Bank overdraft	12	1 795 043	1 485 657
Current portion of long-term liabilities	2	99 382	271 560
Total net assets and liabilities		122 180 907	105 120 469
Assets			
Non-current assets		109 411 208	95 144 019
Property, plant and equipment	6	109 342 999	95 089 037

Long - term receivables	8	68 209	54 982
Current assets		12 769 699	9 976 450
Inventory	9	-	-
Consumer debtors	10	5 620 735	1 989 154
VAT	11	589 493	927 784
Other debtors	11	4 023 037	313 300
Current portion of long-term debtors	8	-	7 011
Cash and cash equivalents	7	2 536 434	6 739 201
Total assets		122 180 907	105 120 469

UBUNTU LOCAL MUNICIPALITY

APPENDIX A

**SCHEDULE OF EXTERNAL LOANS
AS AT 30 JUNE 2009**

EXTERNAL LOANS		Loan Number	Redeemabl e	Balance at 01/07/08	Received during the period	Redeeme d written off during the period	Balance at 30/06/09	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
				R	R	R	R	R	R
LONG-TERM LOANS									
Loan @ 13.45% - DBSA-Sewerage Richmond		12692/10 1	30/06/2015	1,130,48 4	-	51,157	1,079,327	1,079,327	-
Loan @ 18% - DBSA-Sewerage Richmond(Arrears)		12692/10 1	30/06/2015	455,846	-	-	455,846	-	-
Total long-term loans				1,586,33 0	0	51,157	1,535,173	1,079,327	-

UBUNTU MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2009

	COST				Accumulated Depreciation				Carrying
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciatio n	Disposals	Closing balance	Value
Land and Buildings									
Land	15,946,000	9,100,000	-	25,046,000	-	-	-	-	25,046,000
Buildings	-	-	-	-	-	-	-	-	-
Subtotal	15 946 000	9 100 000	-	25 046 000	-	-	-	-	25 046 000
Infrastructure									
Stormwater	6 078 920	-	-	6,078,920	135 705	135 705	-	271,410	5,807,510
Roads	7 598 030	983 966	-	8,581,996	555 252	514 426	-	1,069,678	7,512,318
Sewerage Mains & Purif	23 668 087	664 470	-	24,332,557	426 824	434 167	-	860,991	23,471,566
Cleansing	-	-	-	-	-	-	-	-	-
Electricity	8 494 731	3 731 593	-	12,226,324	300 126	296 213	-	596,339	11,629,985

Electricity Peak Load Equip	-	-	-	-	-	-	-	-
Water Mains & Purification	28 835 913	592 967	-	29,428,880	772 596	640 391	-	1,412,987 28,015,893
Reservoirs – Water	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Subtotal	74 675 681	5 972 996	-	80 648 677	2 190 503	2 020 902	-	4 211 405 76 437 272

UBUNTU LOCAL MUNICIPALITY

**APPENDIX B –
CONTINUE**

**ANALYSIS OF PROPERTY, PLANT AND
EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	COST				Accumulated Depreciation				Carrying
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Disposals	Closing balance	Value
Community Assets									
Parks & Gardens	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreation Grounds	340 000	-	-	340,000	-	-	-	-	340,000
Cemetery	134 397	-	-	134,397	5 038	5 600	-	10,638	123,759
Subtotal	474 397	-	-	474 397	5 038	5 600	-	10 638	463 759
Housing									
Sub Economical Housing	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-

UBUNTU LOCAL MUNICIPALITY

APPENDIX B – CONTINUE

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2009

	COST				Accumulated Depreciation				Carrying
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Disposals	Closing balance	Value
Other Assets									
	-	-	-	-	-	-	-	-	-
Office Equipment	310 271	-	-	310,271	44	48	-	92,595	217,676
Furniture & Fittings	428 205	19 306	-	447,511	62	65	-	127,818	319,693
Fire Brigade	-	-	-	-	-	-	-	-	-
Electical Equipment	104 910	-	-	104,910	14	15	-	29,641	75,269
Motor vehicles	916 112	1 535 447	-	2,451,559	113	164	-	278,291	2,173,268
Traffic	-	-	-	-	-	-	-	-	-
Mechanical	-	-	-	-	-	-	-	-	-
Equipment	6 604	6 493	-	13,097	1	1	-	1,486	11,611
Computer equipment	325 990	-	-	325,990	48	58	-	107,534	218,456
Councillors Regalia	-	-	-	-	897	637	-	-	-
Conservancy tankers	-	-	-	-	-	-	-	-	-

Abattoir	4 380 000	-	-	4,380,000	-	-	-	-	4,380,000
Subtotal	6 472 092	1 561 246	-	8 033 338	283 587	353 778	-	637 365	7 395 973
Total	97 568 170	16 634 242	-	114 202 412	2 479 128	2 380 280	-	4 859 408	109 343 004

UBUNTU MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2009

	COST				Accumulated Depreciation				Carrying
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Disposals	Closing balance	Value
Executive & Council	-	-	-	-	-	-	-	-	-
Finance & Admin	939 635	-	-	939 635	135 969	150 011	-	285 980	653 655
Planning & Development	21 068 000	9 119 307	-	30 187 307	-	1 608	-	1 608	30 185 699
Enviromental Protection	-	-	-	-	-	-	-	-	-
Community & Social Services	366 718	-	-	366 718	40 209	41 681	-	81 890	284 828
Public Safety	44 000	-	-	44 000	4 400	4 400	-	8 800	35 200
Sport & Recreation	-	-	-	-	-	-	-	-	-
Health	7 978	-	-	7 978	1 411	1 411	-	2 822	5 156
Waste Management	23 966 358	1 610 058	-	25 576 416	451 595	494 044	-	945 639	24 630 777
Road Transport	13 761 656	983 967	-	14 745 623	714 175	674 670	-	1 388 845	13 356 778
Water	28 943 773	1 183 870	-	30 127 643	793 637	683 963	-	1 477 600	28 650 043
Electricity	8 470 052	3 737 040	-	12 207 092	337 734	328 492	-	666 226	11 540 866
Other – Housing	-	-	-	-	-	-	-	-	-
TOTAL	97 568 170	16 634 242	-	114 202 412	2 479 130	2 380 280	-	4 859 410	109 343 003

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
APPENDIX D
FOR THE YEAR ENDED 30 JUNE 2009

2008	2008	2008		2009	2009	2009
Actual	Actual	Surplus/		Actual	Actual	Surplus/
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)
R	R	R		R	R	R
-	2 256 779	(2 256 779)	Executive & Council	13,070	2,727,859	(2,714,789)
15 950 491	7 394 557	8 555 934	Finance & Admin	20,156,140	6,268,765	13,887,375
31 125	3 452 181	(3 421 056)	Planning & Development	12,214	4,206,500	(4,194,286)
120 900	126 811	(5 911)	Health	137,600	139,844	(2,244)
66 100	416 309	(350 209)	Community & Social Services	38,408	428,190	(389,782)
-	-	-	Housing	-	-	-
-	49 511	(49 511)	Public Safety	-	28,630	(28,630)
5 515	45 894	(40 379)	Sport & Recreation	5,172	45,686	(40,514)
-	-	-	Environmental Protection	-	-	-
4 138 003	5 301 470	(1 163 467)	Waste Management	4,269,602	6,536,054	(2,266,452)
-	-	-	Road Transport	-	-	-
2 511 231	2 587 906	(76 675)	Water	3,024,390	3,665,752	(641,362)
3 821 821	4 645 615	(823 794)	Electricity	5,128,332	5,751,486	(623,154)
-	-	-	Other	-	-	-
26 645 186	26 277 033	368 153	Sub Total	32,784,928	29,798,766	2,986,162
-	-	-	Less Inter-Dep Charges	-	-	-
26 645 186	26 277 033	368 153	Total	32,784,928	29,798,766	2,986,162

UBUNTU LOCAL MUNICIPALITY

APPENDIX E (1)

ACTUAL VERSUS BUDGET: REVENUE AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2009

	<u>2009</u> <u>Actual (R)</u>	<u>2009</u> <u>Budget (R)</u>	<u>2009</u> <u>Variance (R)</u>	<u>2009</u> <u>Variance (%)</u>
	-	-	-	-
REVENUE				
Property rates	2 889 952	2 877 570	12 382	0.00
Property rates – penalties imposed and collection charges	-	-		
Service charges	12 274 178	11 868 493	405 685	0.03
Rental of facilities and equipment	335 165	313 993	21 172	0.07
Interest earned - external investments	238 276	284 000	(45 724)	-0.16
Interest earned - outstanding debtors	1 520 977	1 432 000	88 977	0.06
Fines	5 554 197	8 738 500	(3 184 303)	-0.36
Licences and permits	235 340	243 700	(8 360)	-0.03
Income: Agency Services	40 785	43 800	(3 015)	-0.07
Government grants and subsidies	9 466 128	10 213 224	(747 096)	-0.07
Other income	11 804 702	1 193 750	10 610 952	8.89
Public contributions, donated/contributed PPE	13 070	13 065	5	0.00
Gains on disposal of assets	9 466	4 250 061	(4 240 595)	-1.00
Interdepartmental Charges	-	-	-	0.00
Total Revenue	44 382 236	41 472 156	2 910 080	0.07

				0.00
EXPENDITURE				
Employee related cost	11 426 657	12 112 099	(685 442)	-0.06
Remuneration of Councilors	1 583 007	1 812 700	(229 693)	-0.13
Bad debts	260 000	260 000	-	0.00
Collection cost	-	3 500	(3 500)	-1.00
Depreciation	2 380 281	5 323 130	(2 942 849)	-0.55
Repairs & Maintenance	1 155 996	1 513 159	(357 163)	-0.24
Interest paid	491 959	464 615	27 344	0.06
Bulk Purchases	4 344 688	5 189 665	(844 977)	-0.16
Contracted services	1 332 018	5 597 935	(4 265 917)	-0.76
Grants & Subsidies paid	3 404 608	3 824 575	(419 967)	-0.11
General expenses	15 098 489	5 349 068	9 749 421	1.82
Loss on disposal of property, plant and equipment	-	22 000	(22 000)	-1.00
Total Expenditure	41 477 703	41 472 446	5 257	0.00
NET SURPLUS/(DEFICIT) FOR THE YEAR	2 904 533	(290)	2 915 337	-10052.89

**UBUNTU LOCAL
MUNICIPALITY**

APPENDIX E (2)

**ACTUAL VERSUS BUDGET: ACQUISITION OF PROPERTY, PLANT
AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE
2009**

	<u>2009</u> <u>Actual</u> -	<u>2009</u> <u>Under</u> <u>Constr</u> <u>uction</u>	<u>2009</u> <u>Total</u> <u>Additions</u>	<u>2009</u> <u>Budget</u> -	<u>2009</u> <u>Variance</u>	<u>2009</u> <u>Variance</u> <u>e</u>	-
	R	R	R	R	R	%	-
Executive & Council	-	-	-	-	-	0.00	-
Finance & Admin	-	-	-	-	-	0.00	-
Planning & Development	9 119 307	-	9 119 307	-	-	0.00	-
Health	-	-	-	-	-	0.00	-
Community & Social Services	-	-	-	-	-	0.00	-
Public Safety	-	-	-	-	-	0.00	-
Sport & Recreation	-	-	-	-	-	0.00	-
Environmental Protection	-	-	-	-	-	0.00	-
Waste Management	1 610 058	-	1 610 058	-	1 610 058	0.00	-
Road Transport	983 967	-	983 967	-	983 967	0.00	-
Water	1 183 870	-	1 183 870	-	1 183 870	0.00	-
Electricity	3 737 040	-	3 737 040	-	3 737 040	0.00	-
Other	-	-	-	-	-	0.00	-
TOTAL	16 634 242	-	16 634 242	-	7 514 935	0.00	-

4.2 Audit Report for the 2008/09 Financial Year

The following Audit Report for the 2008/09 financial year was received. The audit opinion by the Auditor- General was a disclaimer which was mainly attributed to the conversion of the accounting standard from IMFO to GRAP. To remedy the situation an audit action plan was compiled which is also attached hereunder.

Management report on the regularity audit and the audit of performance information of the Ubuntu Municipality for the year ended 30 June 2009

Introduction

1. This management report is provided to the accounting officer of the Ubuntu Municipality in connection with our audit of the financial statements and the review of the performance information for the year ended 30 June 2009.
2. The report contains the following main subsections:
 - The Auditor-General's responsibilities
 - The Accounting officer's responsibilities
 - Significant findings from our audit of the financial statements
 - Financial matters
 - Governance matters
 - Significant findings from our review of the performance information
 - Significant findings from specific focus areas
 - Information on audits conducted other than on the financial statements
 - Investigations
 - Performance audits
 - Special audits
 - Ratings of the audit findings
 - Summary of detailed audit findings
3. Annexure A, B, and C contain information on the detailed audit findings. The detailed findings were communicated during the course of the audit and include management's responses thereto.

The Auditor-General's responsibilities

4. Our responsibility is to express an opinion on the financial statements and to report on findings related to our review of performance information. Our engagement letter sets out our responsibilities in detail. These include the following:
 - Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements, whether caused by fraud or error.
 - Performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements.
 - Considering internal controls relevant to the entity's preparation and fair presentation of the financial statements.
 - Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management.

- Evaluating the overall presentation of the financial statements.
 - Expressing an opinion on the financial statements based on the audit in accordance with the International Standards on Auditing (ISAs).
 - Evaluating non-compliance with applicable legislation relating to financial matters, financial management and other related matters.
 - Evaluating the appropriateness of controls, systems and processes to ensure the accuracy and completeness of reported performance information.
 - Reading other information in documents containing the audited financial statements.
5. Because of the test nature and other inherent limitations of an audit, we do not guarantee the completeness and accuracy of the financial statements or performance information, or compliance with all applicable legislation.

The accounting officer's responsibilities

6. The accounting officer's responsibilities are set out in detail in the engagement letter. These include the following:
- The preparation and fair presentation of the financial statements in accordance with the Standard of Generally Recognised Accounting Practice issued by the Accounting Standards Board, April 2004.
 - Designing, implementing and maintaining internal controls relevant to the preparation of the financial statements.
 - Selecting and applying appropriate accounting policies, and making accounting estimates that are appropriate in the circumstances.
 - Disclosing known instances of non-compliance or suspected non-compliance with laws and regulations, of which the effects should be considered when preparing financial statements.
 - Monitoring and reporting on performance against predetermined objectives.
 - Providing access to all information that is relevant to the preparation of the financial statements and performance information, such as records, documents and other matters.
 - Disclosing all matters concerning any risk, allegation or instances of fraud.
 - Accounting for and disclosing related party relationships and transactions.

Significant findings from our audit of the financial statements

Financial matters

Material misstatements not corrected at the date of this report

7. The following represent the material misstatements that arose from a difference between the amount, classification or presentation of a reported financial statement item and the amount, classification or presentation that is required for the item to be in accordance with the applicable financial reporting framework. These misstatements were identified during the audit and had not been corrected by management at the date of this report. These misstatements were not prevented or detected by the municipality's system of internal control. We urge management to implement improved controls over the matters reflected as the root cause for the misstatements.

Financial statement line item	Reason for misstatement	Dr	Cr	Root cause(s) (as per table below)
Property, Plant and equipment	Game are not disclosed as part of PPE [EX63]	R240 100		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Accumulated surplus	Game are not disclosed as part of PPE [EX63]		R240 100	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Operating expenses	Creditors list not complete [EX36]	R14 324		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Trade payables	Creditors list not complete [EX36]		R14 324	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Property Plant and Equipment	Capital expenditure incorrectly classified [EX39]	R22 340		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Repair and maintenance	Capital expenditure incorrectly classified [EX39]		R22 340	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Receivables	Invoice amount not accurate [EX41]	R2 245		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Property Plant and Equipment	Invoice amount not accurate [EX41]		R2 245	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Property Plant and Equipment (Machinery)	Mechanical assets not separately disclosed [EX56]	R93 000		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Property Plant and	Mechanical assets not		R93 000	CE2, CE5, CA3, CE7, RA1, RA2,

Equipment (Carriage way)	separately disclosed [EX56]			CA4, CA5, CA6, M1, M2, M3
Property Plant and Equipment	Fixed asset register not complete [EX60]	There were no values determine for the assets that could not be traced to the FAR		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Accumulated surplus	Fixed asset register not complete [EX60]		There were no values determine for the assets that could not be traced to the FAR	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Long term investments	Long term deposits should disclosed as non – current assets and should not form part of current assets [EX73] [EX121]	R1 968 253		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Short term deposit	Long term deposits should disclosed as non – current assets and should not form part of current assets [EX73] [EX121]		R1 968 253	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Accumulated depreciation	Prior year depreciation not accurate [EX76]	R33 482		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Accumulated surplus	Prior year depreciation not accurate [EX76]		R33 482	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Depreciation 07/08	Prior year depreciation charges [EX80]	R2 168 922		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Accumulated surplus	Prior year depreciation charges [EX80]		R2 168 922	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
DBSA Loan	Opening balance of loan do not agree with loan statement from DBSA [EX86]	R22 630		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Accumulated surplus	Opening balance of loan do not agree with loan statement from DBSA [EX86]		R22 630	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Accumulated surplus	Instalments allocated to interest paid account [EX89]	R271 559		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Interest paid	Instalments allocated to interest paid account [EX89]		R271 559	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Capital replacement Reserve	Interest allocated to CRR and not to the statement of	R7 316		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6,

	financial performance [EX93]			M1, M2, M3
Interest received: P Minies	Interest allocated to CRR and not to the statement of financial performance [EX93]		R7 316	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Impairment Loan P Minies	Loan not recoverable impairment of the loan not recognised [EX95]	R61 509		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Provision for impairment	Loan not recoverable impairment of the loan not recognised [EX95]		R61 509	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Accumulated surplus	Capital equipment purchased expensed in the year they were purchased [EX98]	R10 661 259		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Capital expenditure	Capital equipment purchased expensed in the year they were purchased [EX98]		R10 661 559	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Operating expenditure	Grant revenue and expenses were not recognised in the statement of financial performance as and when conditions are met [EX100]	R21 607 637		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Grant income	Grant revenue and expenses were not recognised in the statement of financial performance as and when conditions are met [EX100]		R26 703 204	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Property plant and equipment	Grant revenue and expenses were not recognised in the statement of financial performance as and when conditions are met [EX100]	R5 095 567		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
PAYE, SDL	SDL and PAYE were not submitted within legislative timeframes [EX102]	R5 576		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Creditor: SARS	SDL and PAYE were not submitted within legislative timeframes [EX102]		R5 576	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Unspent conditional grant liabilities	Interest received were allocated to liability account and not to statement of financial performance [EX135]	R562 744		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Interest on external investments	Interest received were allocated to liability account and not to statement of financial performance [EX135]		R562 744	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Property plant and equipment	Pumps donated in 08/09 year included in prior years fixed asset register, donation not recognised [EX142]	R86 746		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Donation received	Pumps donated in 08/09 year included in prior years fixed asset register, donation not		R86 746	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6,

	recognised [EX142]			M1, M2, M3
Accumulated surplus	Pumps donated in 08/09 year included in prior years fixed asset register, donation not recognised [EX142]	R86 746		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Property plant and equipment	Pumps donated in 08/09 year included in prior years fixed asset register, donation not recognised [EX142]		R86 746	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Impairment of consumer debtors	Blanket provision of the municipality not sufficient [EX151]	R929 903		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Provision for impairment	Blanket provision of the municipality not sufficient [EX151]		R929 903	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Trade payables	Insurance claim not recognised as income [EX153]	R14 725		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Property plant and equipment	Insurance claim not recognised as income [EX153]	R68 443		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Revenue: Insurance claim	Insurance claim not recognised as income [EX153]		R83 168	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Revenue: Rental received	Rental received from Hutchinson houses not the municipality revenue [EX154]	R100 809		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Creditor: Hutchinson	Rental received from Hutchinson houses not the municipality revenue [EX154]		R100 809	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Revenue: Sundry income	Pixley ka Seme repayment of prior year expenses paid by Ubuntu municipality [EX157]	R866 400		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Receivable: Pixley ka Seme	Pixley ka Seme repayment of prior year expenses paid by Ubuntu municipality [EX157]		R866 400	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Receivable: Pixley ka Seme 07/08	Pixley ka Seme repayment of prior year expenses paid by Ubuntu municipality [EX157]	R866 400		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Accumulated surplus 07/08	Pixley ka Seme repayment of prior year expenses paid by Ubuntu municipality [EX157]		R866 400	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Personal Expenses	Leave accrual balance not accurate and complete [EX174]	R200 747		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3

Leave accrual	Leave accrual balance not accurate and complete [EX174]		R200 747	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Operating expenses	Recoverability of receivables could not be confirmed [EX179]	R3 962 138		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Receivables	Recoverability of receivables could not be confirmed [EX179]		R3 962 138	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Contributions paid	Contingent liability incorrectly classified [EX191]	R44 684		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Legal Fees	Contingent liability incorrectly classified [EX191]	R23 792		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Interest paid	Contingent liability incorrectly classified [EX191]	R7 708		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Creditors	Contingent liability incorrectly classified [EX191]		R75 884	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Employee cost: Overtime	Overtime incorrectly classified [EX203]	R58 428		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Employee cost: Wages	Overtime incorrectly classified [EX203]		R58 428	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3

8. The following represents the material misstatements that arose from a difference between the **disclosures** in the financial statements and the disclosures required by the financial reporting framework. These misstatements were identified during the audit and had not been corrected by management at the date of this report. These misstatements were not prevented or detected by the municipality's system of internal control. We urge management to implement improved controls over the matters reflected as the root cause for the misstatements.

Financial statement line item	Disclosure	Amount R	Root cause(s) (as per table below)
Inventory	Inventory were not disclosed GRAP 12 [EX31]	The municipality do not have reliable systems in place to determine the misstatement	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Gains on disposal of assets	Accounting profit not calculated [EX42]	The municipality do not have reliable systems in place to determine the	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3

		misstatement	
Investment property	Investment property not separately disclosed [EX46]	R7 552 600	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Operating expenditure	Finance leases not identified and classified [EX55]	The municipality do not have reliable systems in place to determine the misstatement	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Cash and bank	Standard Bank balances disclosed as part of the petty cash [EX65]	R210 994	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
MSIG Grant	Grant disclosed in note not accurate [EX103]	R15 000	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Irregular expenditure	Irregular expenditure not disclosed in the financial statements [EX44], [EX119], [EX159], [EX212]	R2 269 006	CE2, CE5, CA3, CE7, RA2, CA4, CA6, M1, M2, M3 CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Fruitless and wasteful expenditure	Fruitless and wasteful expenditure not disclosed in the financial statements [EX22], [EX28], [EX33], [EX110],[EX123]	R17 120	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Audit fees note	Disclosure not complete, internal audit fees not disclosed [EX133]	R98 304	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Long term receivables	Long term receivables are not disclosed as non current assets [EX136]	The municipality do not have reliable systems in place to determine the misstatement	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Property plant and equipment	Reticulation pipes not complete [EX140] [EX139]	The municipality do not have reliable systems in place to determine the misstatement	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Prior year error disclosure	Required by GRAP 3 not included in financial statements	Awaiting final AFS from the municipality	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Employee benefits	Medical obligation and long term service bonuses not disclosed [EX164]	The municipality do not have reliable systems in place to determine the misstatement	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Financial risk management	Financial risk management not disclosed in the financial statements required by IFRS 7 [EX165]	The municipality do not have reliable systems in place to determine the misstatement	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Financial instruments	Disclosure are not in accordance IAS 39	The municipality do not have reliable systems in place to determine the misstatement	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Comparative figures	Comparative figures not restated with the first time implementation	The municipality do not have reliable systems in place to determine the	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5,

	of the GRAP standard [EX209]	misstatement	CA6, M1, M2, M3
Subsequent events	Subsequent events non adjustable not disclosed [EX210]	The municipality do not have reliable systems in place to determine the misstatement	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Revenue – other income	Material classes of similar items not disclosed separately GRAP 1 [EX211]	R11 886 330	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Revenue – general expenses	Material classes of similar items not disclosed separately GRAP 1 [EX211]	R15 098 489	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Unauthorised expenditure	Unauthorised expenditure not disclosed in the annual financial statements	R312 579	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3

9. The following misstatements were as a result of the auditor not being able to obtain sufficient appropriate audit evidence, due to the documentation or information requested not having been made available by management:

Financial statement item	Reason for misstatement	Amount of misstatement	Affected assertion	Root cause(s) as per table below
Rental received	Information not obtained [EX181]	R36 000	Co, Ac	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
Fruitless and wasteful expenditure	Information not obtained [EX198]	R15 250	Ac, Cl, Ex	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
VAT	Information not obtained [EX193]	The municipality did not perform a VAT reconciliation for the year	Ac	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3
VAT	VAT return 30 June 2009 do not agree with general ledger balance [EX204]	R39 336	Ac	CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3

10. The following misstatements were identified during the **prior year audit** and had not been corrected by management at the date of this report. These misstatements were not prevented or detected by the municipality's system of internal control. We urge management to implement improved controls over the matters reflected as the root cause for the misstatements.

Financial statement line item	Reason for misstatement	Dr	Cr	Root cause(s) (as
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		R	R	per table below)
Accumulated surplus	Prior year: Control account were cleared to the accumulated surplus account [EX185], The municipality did not correct the misstatement	R1 366 930		CE2, CE5, CA3, CE7, RA1, RA2, CA4, CA5, CA6, M1, M2, M3

Material misstatements corrected during the audit

11. The municipality did not correct any material misstatements up to the date of this report arising from a difference between the amount, classification or presentation of a reported financial statement item and the amount, classification or presentation that is required for the item to be in accordance with the applicable financial reporting framework.

Legend	
CE = Control environment (ISA 315.14(b) and A69-A75)	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer/authority does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and security of the data.	2
Manual or automated controls are not designed to ensure that the transactions occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Reviews by internal audit, the audit committee or self-assessment are not evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Going concern

12. While the municipality has prepared financial statements on a going concern basis, there are a number of indicators that its financial sustainability is under threat. These include the following:
- The average debtor's payment period has deteriorated from 66 to 232 days and an impairment loss of R230 000 in respects of doubtful debts was made by the municipality. [EX104], [EX151]
 - The council approved on 19 August 2009 the write off consumer debtors amounting to R7 437 307. The municipality are not able to collect the money from the consumer debtors, the consumer debtors consist of indigent consumers and consumers which can not be identified by the municipality. [EX151], [EX104],
 - The municipality did not have a loss from operations for the current and prior years.
 - The payment period of creditors has gone from 10 days to 12 days, the ratio are still in line with Section 65 (2 (e) of the MFMA
 - Salary deductions were paid over to the Receiver of Revenue for the full year, the deductions were not paid within the timeframes prescribed by SARS and penalties and interest was charged for the late payment of the deductions [EX102], [EX114]
 - Loan repayments to the DBSA are made for the arrears amount of the loan, interest of R143 183 were capitalised against the arrears portion of the loan. [EX90]

Qualitative aspects of accounting practices

Amendments to the applicable basis of accounting

13. The municipality implemented the Generally Recognised Accounting Practices (GRAP) financial reporting framework for the year under review. Implementation of this Standard requires a change in accounting policy (GRAP3) and the municipality had to retrospectively restate the figures disclosed under the previous reporting framework, IMFO.

Selection of accounting policies

14. The municipality were required by the statements of GRAP to change the accounting policies from the previous year, the municipality were required to implement the change retrospectively as required by GRAP 3.
15. The municipality opted to take advantage of Transitional Provision 4 and 5, issued by the Accounting Standards Board, March 2009. The accounting policies adopted by the municipality were not in accordance with the Statements of GRAP.

Accounting estimates

16. The municipality made the following significant estimates for the year ending 30 June 2009:
- a. The municipality assessed the condition of all assets at 30 June 2009. The estimate useful lives of the assets were determined using the Local government capital asset management guideline, issued by National Treasury.
 - b. The municipality revaluated their property, plant and equipment for the year ended 30 June 2006 using the depreciated replacement cost method, GRAP

17. The first time implementation of GRAP requires retrospective application of the standard and therefore the revaluation was done 30 June 2006.

Financial statement disclosures

17. There were inadequacies identified in the accounting policies and disclosure as reported in paragraph 8, 19, 27, 28, 29, 30, 31, 41 and 42 of this report.

Accounting policies

18. The accounting policy adopted by the municipality are not in accordance with the applicable financial reporting framework [EX59], [EX77], [EX71], [EX83], [EX138]

Related matters

19. The municipality assessed the condition of all assets at 30 June 2009. The estimate useful lives of the assets were determined using the Local government capital asset management guideline, issued by National Treasury. The standard of GRAP requires the municipality to assess the useful lives of their assets on an annual basis and if there is a difference in the estimate the municipality shall account for the change as a change in estimate as required by GRAP 3 of the accounting standard.

Material losses/impairments

20. The municipality did not escalate their rental agreements with third parties and therefore suffered a loss of income on rental agreements amounting to R30 263 during the year under review. [EX35], [EX137]
21. The municipality impaired the consumer debtors with R260 000 for the year under review. The prior years impairment balance were restated with R3 900 000 (2006/07) and R1 724 979 (2007/08). The municipality did not assess the consumer debtors at year end as required by IAS 39, paragraph 63 and 64 and the municipality could not provide us with supporting documentation supporting the impairment of R14 000 000 disclosed in the annual financial statements. [EX151]
22. The municipality was not able to collect the money owing to the municipality from a previous councillor who is no longer serving on the Ubuntu Municipal Council. According to the loan agreements he should pay the municipality R500 per month including interest. The municipality did not take any steps to recover the amount due, R61 509. [EX13], [EX94]
23. The municipality are not able to collect money due from councillors as the municipality impaired councillor's loans with R63 650. [EX14], [EX94]
24. The municipality took a decision of 9 August 2009 to write off consumer debt amounting to R7 437 307, the municipality made a provision for impairment of R14 000 000 and therefore did not identify and disclose the subsequent event after the reporting date as required by the standard [EX210]
The municipality overspend on capital projects amounting to R3 962 138 (note 11 to the financial statements), the amounts are disclosed as a receivable, the recoverability of the receivable could not be confirmed [EX179]

Unauthorised/fruitless and wasteful/irregular expenditure

Unauthorised expenditure:

25. The municipality could not provide us with unauthorised expenditure reconciliation per sub – program of the municipality [EX181]
26. Unauthorised expenditure was identified during the year amounting to R312 579. The unauthorised expenditure is unconditional grant money used for operating expenditure of the municipality. The municipality did not disclose the unauthorised expenditure identified in the annual financial statements. [EX125]
27. The municipality had an overspending on capital projects amounting to R3 962 138. The recoverability of this overspending could not be determined. The municipality disclosed the over spending on the projects as part of other debtors, note 11 to the annual financial statements. The municipality should have expensed the amount in the year under review. [EX179]

Fruitless and wasteful expenditure:

28. Fruitless and wasteful expenditure were identified during the year amounting to R17 120. The fruitless and wasteful expenditure are interest charges for late payment of supplier accounts. The municipality did not disclose the fruitless and wasteful expenditure identified in the annual financial statements. [EX22], [EX28], [EX33], [EX110], [EX123]
29. The municipality did disclose fruitless and wasteful expenditure of R15 250 in the annual financial statements, note 29.2 and supporting documentation supporting the disclosure could not be obtained from the municipality. [EX198]

Irregular expenditure:

30. Irregular expenditure were identified during the year amounting to R2 269 006, the irregular expenditure are procurement processes not followed. The municipality did not disclose the irregular expenditure identified in the annual financial statements. [EX44], [EX119], [EX159], [EX212]

Budgetary control

31. The municipality overspent on capital projects (R3 962 138) during the year, overspending where financed through own revenue and there are no certainty if the municipality would be able to recover the money [EX179]. The unauthorised expenditure reconciliation of the municipality per sub - program was not made available to us for audit purposes [EX181]
32. The municipality also transferred conditional grant money (R312 579) from their investment accounts to the primary account of the municipality to finance operating expenditure. [EX125]
33. The overspending and on the capital projects and the use of money for other than the intended purpose will have an impact on the service delivery activities of the municipality.
34. The municipality entered into a loan agreement with DBSA on 3 December 1993, initial loan amount R1 695 100. The total amount of payments made during the year was R271 558, the loan are split into two portions, the loan portion and the arrears portion of the loan. During the year interest of R143 183 were charged on the loan portion and capitalised to the arrears portion of the loan. The capital balance outstanding for the year ended is R1 535 000. [EX90]

Accounting discipline

35. There are no uncleared suspense accounts disclosed in the annual financial statements of the municipality.

Financial indicators/ratios

36. The following are key financial ratios / indicators at the municipality. The indicators are not in line with the expected norms for this type of entity. We recommend that management implement stringent controls to normalise them to ensure the continued effective operation of the municipality.

- Debt collection was calculated at 232 days

- Creditor payments was calculated at 12 days, which are in line with Section 65 (2) (e) of the MFMA

Significant uncertainties

37. There are no significant uncertainties facing the municipality at the date of this report.

Financial reporting systems

38. The municipality does not have reliable information systems for recording and reporting on:

- Completeness of Property, Plant and Equipment [EX60], [EX63], [EX140]
- Investment property [EX46]
- Finance leases [EX55], [EX126]
- Employee benefits [EX164]
- Fruitless and wasteful, unauthorised and irregular expenditure [EX44], [EX22], [EX28], [EX33], [EX110], [EX119], [EX123], [EX125], [EX159], [EX212], [EX181], [EX179]
- Assessment of consumer debtors impairment [EX151]
- Payments after 30 days [EX29], [EX30], [EX37], [EX120]
- Inventory [EX31]
- Contingent liabilities [EX191]
- Performance information [EX15], [EX148], [EX149], [EX150], [EX177], [EX192]
- Subsequent events [EX208], [EX210]
- Separate disclosure of material items [EX211]

Revision of the previously issued financial statements

39. An emphasis of matter will not be included in our audit report; the previously issued annual financial statements were not revised due to subsequent events.

Accounting reforms

40. The following are problems encountered with the first time implementation of the standard of GRAP:

- Accounting policies of the municipality are not developed in accordance with the GRAP accounting framework [EX59], [EX71], [EX77], [EX83], [EX94], [EX138]
- Accounting treatment are not in accordance with the GRAP standards [EX31], [EX180], [EX55], [EX98], [EX100], [EX164], [EX135], [EX153], [EX93], [EX126], [EX89], [EX157], [EX158], [EX46],
- GRAP conversion working papers could not be provided for audit purposes [EX181]
- Retrospective application of the standard required by GRAP 3 were not applied [EX31], [EX180], [EX161], [EX164], [EX46], [EX135], [EX136], [EX180], [EX182], [EX126], [EX202], [EX209]
- Disclosures are not complete and do not comply with the relative GRAP standard [EX31], [EX55], [EX65], [EX72], [EX73], [EX92], [EX94], [EX97], [EX133], [EX161], [EX164], [EX165], [EX46], [EX126], [EX86], [EX87], [EX88], [EX89], [EX121], [EX210], [EX211]

41. In terms of directive 4 and 5 the municipality is required to measure their property plant and equipment; inventory; finance leases; investment property; contingent

liabilities and contingent assets and intangible assets in accordance with the measurement requirement of the applicable GRAP standard, within the next 3 years.

GOVERNANCE MATTERS

Material inconsistencies in other information included in the annual report

42. The annual report was not submitted for auditing and was therefore not subjected to the intended review to determine any inconsistencies with the audited financial statements. [EX15], [EX78], [EX148], [EX149], [EX150], [EX177], [EX192]

Internal audit

43. The internal audit unit did not perform work during the year under review which could be used during my audit performed.

Audit committee

44. The audit committee did not meet prior to the submission of the financial statements for auditing on 31 August 2009, to review the adequacy, reliability and accuracy of the financial statements. The municipality therefore did not comply with Section 166 (2) (a) (iv) of the MFMA.

Management of risk

45. The municipality did not conduct a risk assessment of the year ended 30 June 2009 and are therefore not complying with Section 95 (c) (i) of the MFMA. [EX16]
46. The failure to conduct a risk assessment are placing the municipality at risk, the municipality do not identified possible risk areas that might have a direct or indirect impact on the municipality. Possible risks that are not identified are as follows:
- Financial reporting objectives are not develop to enable the identification of risks to reliable financial reporting
 - Identify the risk to the achievement of financial reporting objectives
 - Actions that should be taken to address risks to the achievement of financial reporting objectives
 - Control activities are not selected and developed to mitigate the risk over financial reporting

Prior year observations and recommendations addressed

47. The municipality has implemented adequate controls over the safeguarding of assets, an asset register were compiled and each asset have a unique barcode.
48. The municipality received a qualification in the prior year for an amount of R1 366 930 that was allocated to the accumulated surplus account. The municipality did not restate the comparative figures with the qualifying amount correcting the prior year qualification. [EX185]
49. The action plan for prior year audit findings was requested and the municipality could not provide us with an action plan to address the unresolved findings of 07/08 financial year. The council meeting minutes of 9 April 2009, states that the council takes note of the audit report 07/08 and no action plan was developed. [EX74]

Unavailability of key personnel

50. Key personnel were available during the course of our audit.

Adequacy and competence of financial reporting personnel

51. The financial department of the municipality have inadequate knowledge of the accounting standards applicable to the presentation of the financial statements. Consequently the municipality had to appoint consultants at a cost of R1 600 000 to prepare the financial statements submitted for auditing.

Unavailability of expected information

52. As indicated in our engagement letter, we agreed that all information requested for purposes of the audit would be submitted within 5 working days of the request by the auditors. Despite this agreement, management did not supply the documentation requested in the following instances:

- Declaration forms completed by the suppliers before they are appointed by the municipality (Information was requested September 16, 2009) [EX181]
- Employee cost reconciliation received from SARS (Information requested September 16, 2009) [EX181]
- Rental agreement entered into with Linear Power (Information was requested October 15, 2009) [EX181]
- External confirmation that the over spending on capital projects will be recovered from MIG and Department of Housing (Information was requested, October 15, 2009) [EX181]
- Working papers supporting the conversion from IMFO to GRAP (Information was requested October 15, 2009) [EX181]
- Unauthorised expenditure reconciliation of the municipality per sub program (Information was requested October 20, 2009) [EX181]
- Written confirmation from the municipal manager with reasons for the over spending on capital projects (Information was requested October 20 , 2009)
- Reconciliation to monitor distribution losses (Information was requested August 18, 2009)
- Evaluation process for the awarding of tenders to De Aar Electrical and KVB [EX188]

53. The information requested was still not supplied to us on the date of this report. The non submission of this information will be taken into account when the draft audit report is compiled; the non submission places a limitation of scope on our audit procedures.

54. Management also did not comment on exceptions issued during the course of the audit within the timeframes agreed upon.

Exception report issued	Comments received
Exception report 1 (28 August 2009)	16 October 2009
Exception report 2 (4 September 2009)	16 October 2009
Exception report 3 (14 September 2009)	16 October 2009
Exception report 4 (17 September 2009)	16 October 2009
Exception report 5 (01 October 2009)	16 October 2009
Exception report 6 (9 October 2009)	16 October 2009
Exception report 7 (16 October 2009)	27 October 2009
Exception report 8 (24 October 2009)	Outstanding at date of this report
Exception report 9 (27 October 2009)	Outstanding at date of this report
Exception report 10 (29 October 2009)	Outstanding at date of this report
Exception report 11 (30 October 2009)	Outstanding at the date of this report
Exception report 12 (13 November 2009)	Outstanding at the date of this report

Late submission of financial statements

55. The municipality submitted annual financial statements on August 31, 2009 as prescribed by the Section 126 (1) (a) of the MFMA no 56 of 2009.

Related parties

56. The municipality do have proper control to ensure that related party transactions are identified.

Performance rewards

57. Performance bonuses were paid to senior staff during the year after evaluations were performed and approval from the mayor.

Non-compliance with applicable legislation

58. Non – compliance with the following laws and regulations were identified:

MFMA no 56 of 2003

- Section 115 (b) [EX3], [EX6]
- Section 62 (1)(c) [EX5], [EX16], [EX70], [EX186]
- Section 65 (1)(c) [EX7]
- Section 64 (2) (c), (f) [EX11], [EX13], [EX95]
- Section 62 (1)(d) [EX22], [EX28], [EX33], [EX110], [EX102], [EX114], [EX119], [EX123], [EX125], [EX159], [EX186], [EX188], [EX191]
- Section 65 (2) (e) [EX29], [EX30], [EX120]
- Section 96(2) [EX42]
- Section 63 [EX60]
- Section 9 (a) [EX67]
- Section 70(2) [EX68]
- Section 125 (2) (a) [EX72]
- Section 64 (2)(h) [EX91], [EX99]
- Section 123 (1) [EX100], [EX132]
- Section 97 (a) (b) [EX122], [EX152], [EX156]
- Section 53(1) (c) [EX148]
- Section 64 (2) (b) [EX 155]
- Section 74 (1) [EX187]
- Section 104 (b) [EX187]
- Section 166 (2) (a) (iv)
- Section 32 (4) (a) [EX196]
- Section 54 (1) (a) – (f) [EX199]
- Section 72 (1) [EX201]
- Section 65 (2) (i) [EX212]
- Section 112 [EX212]

Division of Revenue Act

59. The accounting officer did not submit a quarterly performance report for each quarter during the financial year ended 30 June 2009, as required by section 11(3)(b) of the DoRA. [EX15]

Public Office Bearers Act

60. Cash advances were paid to councillors during the year ended 30 June 2009; such payments are prohibited by Section 7(1) of the Public Office Bearers Act. [EX44]

Water Services Act

61. The water services plan of the municipality are still in draft format and were not implemented for the year ended 30 June 2009, as required by Section 15(5) of the Water Services Act. [EX78]

Skills Development Levy Act

62. The SDL payment of the municipality was no paid over to the Receiver of Revenue within seven days after the end of the month as required by Section 6 of the Skills Development Levy Act. [EX102]

Municipal Systems Act no 32 of 2000

- 63. The IDP did not reflect a financial plan, including a budget projection for at least the next three years and the key performance indicators and performance targets determined in terms of Section 26 of the Municipal Systems Act. [EX149]
- 64. The annual performance report of the municipality was not prepared for the year under review, as required by Section 46 of the Municipal Systems Act. [EX150]
- 65. Key performance indicators and measurable performance targets were not set to evaluate performance against, as required by Section 41 (1) (a) of the Municipal Systems Act [EX177]
- 66. The municipality did not measure and reviewed their performance at least once a year, take steps to improve performance of the municipality, establish a process of regular reporting as required by, Section 41 (b) of the Municipal Systems Act [EX177]
- 67. Non compliance with Sections 41 result in non compliance with Section 45 of the Municipal Systems Act, the Auditor General could not audit the results of the performance measures [EX177]
- 68. The municipality's performance management system does not provide for policies and procedures to take steps to improve performance with regard to those development and objectives where performance targets were not met. The performance management system also do not establish a process of regular reporting to the council, other political structures, political office bearers and staff of the municipality as required by Section 41 (d) and 41 (e) of the Municipal Systems Act. [EX192]

Value added tax Act

- 69. Output tax were not paid over to the Receiver of revenue for rental income received, other than the rental of residential properties, therefore the municipality are not complying with the Value added Tax Act No 89 of 1991. [EX137]

Council resolutions

- 70. No Council resolutions were taken specific to the prior year audit and management report. [EX74]

Key governance responsibilities

71. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Many of these have been addressed in detail above. The table below reflects how certain of the financial and governance matters as well as other matters included under the reporting on performance information below, will be reported in the auditor's report.

No.	Matter	Y	N
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		X
2.	The financial statements were not subject to any material amendments resulting from the audit.		X
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		X
4.	The annual financial statements were submitted for auditing as per the legislated deadlines Section 126 of the MFMA.	X	
5.	Key officials were available throughout the audit process.	X	
6.	Audit committee		
	<ul style="list-style-type: none"> The municipality had an audit committee in operation throughout the financial year. 	x	
	<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 	X	
	<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in Section 166(2) of the MFMA. 		X
7.	Internal audit		
	<ul style="list-style-type: none"> The municipality had an internal audit function in operation throughout the financial year. 	X	
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 		X
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in [Treasury Regulation 3.2/27.2]/[section 165(2) of the MFMA]. 		x
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		X
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		X
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	X	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in [Treasury		X

No.	Matter	Y	N
	Regulation 3.2/27.2]/[section 62(c)(i)/95(c)(i) of the MFMA].		
12.	Delegations of responsibility are in place, as set out in Section 79/106 of the MFMA.	X	
13.	The prior year audit findings have been substantially addressed.		X
14.	SCOPA resolutions have been substantially implemented.		X
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		X
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		X
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the [entity name] against its mandate, predetermined objectives, outputs, indicators and targets [Treasury Regulations 5.1, 5.2 and 6.1 (departments)/Treasury Regulation 29.1/30.1 (public entities)]/[section 68/87 of the MFMA (municipalities)].		X
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		X

Achievement of good practice indicators

72. The following good practices are the drivers of audit results. We have indicated our assessment of the municipality's achievement of these good practices, based on the matters included elsewhere in this report.

	Good practice	Y	N
1	Clear trail of supporting documentation that is easily available and provided timeously.		X
2	Quality of financial statements and related management information.		X
3	Timeliness of financial statements and management information.		X
4	Availability of key officials during audits.	X	
5	Development and compliance with risk management and good internal control and governance practices.		X
6	Leadership/supervision and monitoring.		X

It is evident from the table above that specific intervention is required from leadership to address the underlying root causes which result on the good practices not being attained. Management should monitor the progress of and implementation of these specific action plans to address the maintenance of

supporting documentation on a daily basis.

The quality of financial statements and related management information should be addressed by the preparation of interim annual financial statements, supported by proper documentation and subjected to review and audit by the municipal manager, internal audit function, the audit committee and even the external audit function.

Risk assessment processes should be driven and managed by management and should be supported by a proper internal control environment. The control environment should be subjected to specific monitoring and evaluation to ensure that implemented controls are adequate to mitigate the risks identified during the risk assessment.

Leadership, consisting of the MM, CFO and Mayor/Speaker should set the tone for the control environment and facilitate the regular monitoring of daily, monthly, quarterly and annual financial and related management information.

Significant findings from our review of the performance information

73. The following shortcomings were identified in relation to the managing of, and reporting on, performance information:

- There was overall non-compliance with the legislative requirements pertaining to the planning, monitoring, managing and reporting of performance information [EX177], [EX192].
- There was an overall lack of effective, efficient and transparent systems and internal controls regarding performance management and reporting [EX177], [EX192].
- The entity has not reported throughout on its performance with regard to its objectives, indicators and targets, as per the approved integrated development plan [EX148], [EX149], [EX150], [EX177], [EX192].
- Sufficient appropriate audit evidence in relation to the performance information was not provided [EX15], [EX148], [EX149], [EX150], [EX177], [EX192].
- There was no annual report submitted for audit purposes to report on performance information [EX150], [EX177]

Significant findings from specific focus areas

74. There were no sector and horizontal audit procedures performed for the year under review.

Information on audits conducted other than on the financial statements

Investigations

75. There are no investigations completed or in progress by the municipality during the year under review.

Performance audits

76. There was no performance audit conducted since the previous auditor's report.

Special audits

77. There were no special audits performed by the municipality since the last auditor's report was issued.

Rating of detailed audit findings

78. For the purposes of this report, the detailed audit findings included in annexure A to C have been classified as follows:

- Matters to be included in the auditor's report.
These matters should be addressed as a matter of urgency.
- Other important matters – deficiencies that could adversely affect the entity's ability to initiate record, process and report financial data consistent with the assertions of management on the financial statements and in accordance with the applicable basis of accounting. Unacceptable risk that errors and irregularities may occur that will not be prevented or detected by the internal controls in good time.
These matters should be addressed within the next 12 months.
- Administrative matters – non-material non-compliance with applicable legislation, or misstatements in the financial statements that are unlikely to affect the decisions of a user and do not affect the financial statements as a whole, or opportunities for improvement, or other matters of governance interest.
These matters should be addressed at the discretion of the entity.

79. Failure to address matters reported in a particular category may result in the matter being rated as more significant in the next financial year.

Appreciation

80. We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the Ubuntu Municipality during the audit.

Yours sincerely

Gert Kruger

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Distribution:

CEO

CFO

Audit committee chair

Head of internal audit

SUMMARY OF AUDIT FINDINGS

Page no.	Finding	Type of finding	Control component	Impact on auditor's report			Other important matters	Administrative matters
				Qualification	Other matters	Performance information		
1	Property, plant and equipment							
1.1	Fixed assets: Capital expenditure incorrectly classified [EX39]	Financial		x				
1.2	Fixed assets: Invoice amount not accurate [EX41]	Financial						X
1.3	Fixed assets: Disposal of assets [EX42]	Financial		x				
1.4	Fixed assets: Inadequacy of fixed asset register [EX43]	Financial					X	
1.5	Fixed assets: Monthly reconciliations [EX45]	Financial					X	
1.6	Fixed assets: Mechanical assets not separately disclosed [EX56]	Financial		x				
1.7	Fixed assets: Pro rata depreciation charges incorrectly calculated [EX57]	Financial					x	
1.8	Fixed assets: FAR completeness [EX60]	Financial		X				
1.9	Fixed assets: Overstatement of assets [EX61]	Financial		X				
1.10	Fixed assets: Game completeness [Ex63]	Financial		X				
1.11	Fixed assets: Useful lives [EX75]	Financial					x	
1.12	Fixed assets: Recalculation of accumulated depreciation 07/08 [EX76]	Financial					x	
1.13	Fixed assets: Water reticulation pipes Loxton [EX139]	Financial		x				
1.14	Fixed assets: Reticulation pipes Richmond not accurate and complete [EX140]	Financial		x				
1.15	Fixed assets: Donation received for infrastructure assets [EX142]	Financial		x				
1.16	Fixed assets: Journals not accurate and incorrectly classified [EX202]	Financial					x	
1.17	Fixed assets: Physical verification of assets	Financial		x				

Page no.	Finding	Type of finding	Control component	Impact on auditor's report			Other important matters	Administrative matters
				Qualification	Other matters	Performance information		
	[EX144]							
2	Investment property							
2.1	Fixed assets: Investment property not identified and separately disclosed [EX46]	Financial		X				
3	Cash and bank							
3.1	Compliance: Opening of new bank account [EX67]	Compliance			X			
3.2	Compliance: Bank overdraft [EX68]				X			
4	Employee cost							
4.1	Employee cost: No policy for temporary, contract and casual employees [Ex1]	Control					X	
4.2	Employee cost: Pro – rata bonus not paid [EX9]	Control					X	
4.3	Employee cost: Vacant posts [EX23]	Control					X	
4.4	Employee cost: Incorrect rentals [EX35]	Financial					X	
4.5	Employee cost: Councillors remuneration [EX44]	Financial		x				
4.6	Employee cost: Debt form not complete [EX48]	Control					X	
4.7	Employee cost: Skills development levy not paid within 7 days [EX102]	Financial					x	
4.8	Employee cost: Inadequate controls on payrolls [EX112]	Control					X	
4.9	Employee cost: Fruitless and wasteful expenditure [EX114]	Financial		X				
4.10	Employee cost: Communication letters for remaining leave days [EX168]	Control					X	
4.11	Employee cost: Leave not captured timeously	Control					X	

Page no.	Finding	Type of finding	Control component	Impact on auditor's report			Other important matters	Administrative matters
				Qualification	Other matters	Performance information		
	on system [EX169]							
4.12	Employee cost: No date of approval [EX170]	Control					X	
4.13	Employee cost: Leave taken prior to approval [EX171]	Control					X	
4.14	Employee cost: Leave not approved [EX172]	Control					X	
4.15	Employee cost: Leave not approved within reasonable period [EX173]	Control					X	
4.17	Employee cost: Leave accrual balance misstated [EX174]	Financial		x				
4.18	Employee cost: Recalculation of leave [EX175]	Control					X	
4.19	Employee cost: Leave accumulated exceeded 48 days [EX176]	Control					X	
4.20	Employee cost: Other leave [EX190]	Control					x	
4.21	Employee cost: Overtime classified as wages [EX203]	Financial					x	
5	Revenue							
5.1	Internal control: Deposit of money [EX11]	Control					X	
5.2	Revenue: New connections applications not formally authorised [EX53]	Control					X	
5.3	Revenue: Monthly reconciliation of rental received [EX91]	Control					X	
5.4	Revenue: Interest received from external investments [EX135]	Financial		X				
5.5	Revenue: No escalation on rental agreements [EX137]	Financial		x				
5.6	Revenue: Insurance claim incorrectly classified [EX153]	Financial		X				
5.7	Revenue: Lack of supporting documentation rental agreements [EX154]	Financial		X				
5.8	Revenue: Rent receivable can not be recalculated [EX155]	Financial		X				

Page no.	Finding	Type of finding	Control component	Impact on auditor's report			Other important matters	Administrative matters
				Qualification	Other matters	Performance information		
5.9	Revenue: Incorrect tariff charged for sanitation [EX156]	Financial		X				
5.10	Revenue: Pixley ka Seme repayment of loan [EX157]	Financial		X				
5.11	Revenue: Incorrect classification of grant received [EX 158]	Financial		x				
6	Purchase and payables							
6.1	Internal control: Receiving of goods and services [EX3]	Control					X	
6.2	Internal control: Segregation of duties [EX6]	Control					X	
6.3	Internal control: S&T tariffs [EX18]	Control					X	
6.4	Value for money: S&T Policy [EX20]	Value for money					X	
6.5	Fruitless and wasteful: Interest charges [EX22]	Financial		X				
6.6	Internal control: Lack of supporting documentation [EX24]	Control						X
6.7	Fruitless and wasteful: Interest paid [EX28]	Financial		X				
6.8	Compliance: Payments not made within 30 days [EX29]	Compliance			X			
6.9	Compliance: Payments not made within 30 days [EX30]	Compliance			X			
6.10	Fruitless and wasteful: Interest charge on account [EX33]	Financial		X				
6.11	Payables: Creditors list not complete [EX36]	Financial		x				
6.12	Operating expenditure: Incorrect classification [EX47]	Financial					X	
6.13	Compliance: SCM Policy [EX85]	Compliance					X	
6.14	Operating expenditure: Suppliers not on list [EX105]	Control					x	
6.15	Fruitless and wasteful: Interest charged on supplier accounts [EX110]	Financial		X				
6.16	Irregular expenditure: Three written quotations	Financial		X				

Page no.	Finding	Type of finding	Control component	Impact on auditor's report			Other important matters	Administrative matters
				Qualification	Other matters	Performance information		
	[EX119]							
6.17	Compliance: Payments not made within 30 days [EX120]	Compliance			x			
6.18	Fruitless and wasteful: Interest charged on supplier accounts [EX123]	Financial		X				
6.19	Compliance: Tax clearance certificate not submitted for audit purposes [EX124]	Compliance					X	
6.20	Irregular expenditure: Unspent conditional grants [EX125]	Financial		X				
6.21	Subsistence and travelling: No attendance registers attached [EX128]	Financial					X	
6.22	Irregular expenditure: Three quotations not attached [EX159]	Financial		X				
6.23	Compliance: Payments not made within 30 days [EX160]	Financial			X			
6.24	Operating expenditure: Lack of supporting documentation [EX162]	Financial		x				
6.25	Operating expenditure: Tax clearance certificates not submitted [EX166]	Financial					X	
6.26	Operating expenditure: Reporting payments above R100 000 to National Treasury [EX187]	Compliance					x	
6.27	Irregular expenditure: Evaluation process for awarding tenders [EX188]	Compliance					x	
6.28	Fruitless and wasteful expenditure: Disclosure not supported by supporting documentation [EX198]	Financial		X				
6.29	Irregular expenditure: Appointment of consultants [EX212]	Financial		X				
7	Control Environment							
7.1	Control environment: No business continuity plan	Control					X	

Page no.	Finding	Type of finding	Control component	Impact on auditor's report			Other important matters	Administrative matters
				Qualification	Other matters	Performance information		
	in place [EX5]							
7.2	Control Environment: No policies and procedures in place [EX7]	Control					X	
7.3	Control Environment: Risk assessment not performed [EX16]	Control					X	
7.4	Environmental matters: No council resolution [EX74]	Financial					X	
7.5	Control environment: Going concern [EX104]	Financial					X	
7.6	Compliance: AO Responsibilities [EX186]	Compliance			x			
7.7	Compliance: Correspondence between mayor and the municipality [EX199]	Compliance					x	
7.8	Compliance: Mid – year budget and performance assessment [EX201]	Compliance				x		
7.9	Compliance: Section 32 (4) of the MFMA [EX196]	Compliance			x			
7.10	Control environment: No policy or procedure for subsequent events [EX208]	Control					X	
8	Receivables							
8.1	Internal control: Indigenous consumers [EX12]	Control					X	
8.2	Long term debtors: Repayment of housing loan [EX13]	Control					X	
8.3	Internal control: Indigenous consumers [EX52]	Control					X	
8.4	Control environment: Long overdue debtors [EX62]	Financial					X	
8.5	Long term debtors: Journals incorrectly processed [EX93]	Financial					X	
8.6	Long term debtors: Recoverability of loan P Minies [EX95]	Financial			x			
8.7	Receivables: Debtor does not comply with provision in loan agreement [EX122]	Financial					X	

Page no.	Finding	Type of finding	Control component	Impact on auditor's report			Other important matters	Administrative matters
				Qualification	Other matters	Performance information		
8.8	Receivables: Indigent debtors [EX130]	Financial					X	
8.9	Receivables: Long term receivables not disclosed [EX136]	Financial		X				
8.10	Receivables: Recoverability of consumer debtors [EX151]	Financial		X				
8.11	Receivables: Recoverability of overspending on projects [EX179]	Financial		X				
8.12	Receivables: Journals incorrectly classified [EX182]	Financial					X	
9	Liabilities							
9.1	Liabilities: Unspent conditional grant liability for completed projects [EX107]	Financial		x				
9.2	Leases: Incorrect classification of lease agreement [EX126]	Financial		X				
9.3	Contingent Liabilities: SALA Pension fund [EX191]	Financial		X				
10	Consumer deposits							
10.1	Consumer deposits: Reconnections [EX147]	Financial					x	
10.2	Consumer deposits: Completeness of registers and balances disclosed [EX183]	Financial					X	
10.3	Consumer deposits: Reconciling items Loxton [EX184]	Financial					x	
11	Cash and bank							
11.1	Cash and bank: Bank reconciliation [EX64]	Financial						X
11.2	Cash and bank: Review of petty cash [EX113]	Financial					X	
11.3	Cash and bank: Long term investments FNB [EX121]	Financial		X				

Page no.	Finding	Type of finding	Control component	Impact on auditor's report			Other important matters	Administrative matters
				Qualification	Other matters	Performance information		
12	Cash flow statement							
12.1	Cash flow: Inaccuracy [EX205]	Financial		X				
12.2	Cash flow: Note 23: Cash generated by operating activities deviation [EX206]	Financial		x				
12.3	Cash flow: Bank balance at year end [EX207]	Financial		x				
13	Performance information							
13.1	Performance information: No controls in place [EX15]	Performance information				x		
13.2	Compliance: Water Service Development Plan [EX78]	Control				x		
13.3	Performance information: Annual Service Delivery Budget Implementation Plan [EX148]	Performance information				X		
13.4	Performance information: Integrated Development Plan [EX149]	Performance information				X		
13.5	Performance information: Annual performance report [EX150]	Performance information				X		
13.6	Performance information: Limitation of scope [EX177]	Performance information				X		
13.7	Performance information: Performance Management System [EX192]	Performance information				X		
14	Long term liabilities							
14.1	Long term liabilities: DBSA Loan [EX86]	Financial					x	
14.2	Long term liability: Accuracy of short term portion [EX88]	Financial					X	
14.3	Long term liability: Interest charges [EX89]	Financial		X				

Page no.	Finding	Type of finding	Control component	Impact on auditor's report			Other important matters	Administrative matters
				Qualification	Other matters	Performance information		
15	Consumer deposits							
15.1	Consumer deposits: Reconciliation of consumer deposit account [EX99]	Financial					X	
16	Inventory							
16.1	Inventory: Disclosure [EX31]	Financial		X				
17	Value for money							
17.1	Value for money: Loan agreement conditions [EX90]	Financial					X	
18	Accumulated surplus							
18.1	Accumulated surplus: Transactions incorrectly allocated [EX180]	Financial		X				
18.2	Accumulated surplus: Prior year qualification not resolved [EX185]	Financial		X				
19	VAT							
19.1	VAT: Annual VAT reconciliation not performed [EX193]	Financial					x	
19.2	VAT: VAT 201 returns submitted differs to general ledger control account [EX195]	Control					X	
19.3	VAT: Opening balance disagree to closing balance [EX200]	Financial		X				
19.4	VAT: VAT return 30 June 2009 do not agree with the general ledger account balance [EX204]	Financial		X				
20	Disclosure							

Page no.	Finding	Type of finding	Control component	Impact on auditor's report			Other important matters	Administrative matters
				Qualification	Other matters	Performance information		
20.1	Leases: Incorrect classification of lease agreement [EX55]	Financial		X				
20.2	Fixed assets: Accounting policy for PPE inadequate [EX59]	Financial		X				
20.3	Cash and bank: Disclosure of Standard Bank account [EX65]	Financial			X			
20.4	Cash and bank: Accounting policy [EX71]	Financial		X				
20.5	Cash and bank: Disclosure [EX72]	Financial			x			
20.6	Cash and bank: FNB Long term investments [EX73]	Financial		X				
20.7	Fixed assets: Accounting policy on impairments [EX77]	Financial		X				
20.8	Fixed assets: Prior year depreciation charges [EX80]	Financial		X				
20.9	Investments: Accounting policy [EX83]	Financial		X				
20.10	Employee cost: Misstatement [EX174]	Financial		x				
20.11	Long term liabilities: Disclosure / schedule external loan [EX92]	Financial					X	
20.12	Long term receivables: Disclosure in annual financial statements [EX94]	Financial					X	
20.13	Long term receivables: Presentation and disclosure [EX97]	Financial					x	
20.14	Fixed assets: Assets allocated to Statement of financial performance [EX98]	Financial		X				
20.15	Revenue: Unspent conditional grants [EX100]	Financial		X				
20.16	Revenue: MSIG not accurately disclosed [EX103]	Financial					X	
20.17	Compliance: Section 123 (1) of the MFMA [EX132]	Compliance			x			
20.18	Compliance of audit fees note 18 [EX133]	Financial			x			
20.19	Fruitless and wasteful: Condonement of fruitless and wasteful	Financial		X				

Page no.	Finding	Type of finding	Control component	Impact on auditor's report			Other important matters	Administrative matters
				Qualification	Other matters	Performance information		
	expenditure [EX134]							
20.20	Disclosure: Accounting policies inadequate [EX138]	Financial		X				
20.21	Reserves: Prior year error disclosure [EX161]	Financial		X				
20.22	Employee benefits: Medical obligation and long term service bonuses [EX164]	Financial		X				
20.23	Disclosure: Financial Risk Management and Financial instruments [EX165]	Financial		x				
20.24	Disclosure: Comparative figures [EX209]	Financial		X				
20.25	Subsequent events: Non adjustable event not disclosed [EX210]	Financial		X				
20.26	Disclosure: Material classes of similar items shall be disclosed separately [EX211]	Financial		x				
21	Information not provided for audit purposes							
21.1	Revenue: Reconciliation of distribution losses [EX70]	Financial					x	
21.2	Limitation of scope: Information not provided for audit purposes [EX181]	Financial					x	

The audit action plan compiled on the above audit report is as follows:-

MANAGEMENT REPORT	DESCRIPTION	ACTION TO BE TAKEN	OFFICIAL RESPONSIBLE	PROPOSED DEADLINE	COMPLETED	
					YES	NO

Material Misstatements Not Corrected

7	A list of material misstatements that arose from a difference between the amount, classification or presentation of a reported financial statement item and the amount that is required with the applicable financial reporting framework	i. An improved internal control process to be implemented ii. Evaluation of assets to be undertaken and asset register to be updated iii. Creditors list to be updated iv. Corrections to capital expenditure to be undertaken v. Performance statement to be corrected and placed on audit file	CFO	Jun-10		
8	Material misstatements that arose from a difference between disclosures in the financial statements and the disclosures required by the financial reporting framework	i. An improved internal control process to be implemented ii. Investigate and correct irregular, wasteful and unauthorised expenditure iii. Investigate disclosures and	CFO	Jun-10		

		ensure that documentation ready for current year and placed on audit file				
9	A list of misstatements as insufficient audit evidence due to documentation or information not available	Obtain the necessary documentation to support audit evidence place on audit file	CFO	Jun-10		
10	Misstatements identified in prior year audit had not been corrected	Investigate misstatements and prepare correction journal where necessary and place on audit file	CFO	Jun-10		

Going Concern

12	Loan repayments to DBSA are made for the arrears amount of the loan, interest of R 143 183 were capitalised against the arrears portion of the loan	The details of the loan to be investigated. Correction of the loan repayment to be undertaken. Should it fall within the powers and functions of the District Council	CFO	Jun-10		
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		the loan should be transferred. Council approval required to transfer loan				
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Qualitative Aspects Of Accounting Practices

Amendments To The Applicable Basis Of Accounting

13	The municipality implemented the GRAP financial framework for the year under review. Implementation of this standard requires change in accounting policy GRAP 3 and retrospective restate figures disclosed under previous reporting framework	i. Investigate if the conversion of 2007/2008 statement was undertaken. Provide documentation and opening balances for new financial year ii. Update financial system opening balances	CFO	Jun-10		
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Selection Of Accounting Policies

14	The municipality were required by the statements of GRAP to change the accounting policies from the previous year, the municipality were required to implement the change retrospectively as required by GRAP 3	Investigate the policies not applied in the statements and ensure that compliance is affect in current year	CFO	Jun-10		
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16	The accounting policies adopted by the municipality were not in accordance with the statements of GRAP	Review the GRAP statements and compare to the policies adopted and correct where necessary	CFO	Jun-10		
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Accounting Estimates

17	The municipality assessed the condition of all assets at 30 June 2009. The estimate useful lives of the assets were determined using the local government capital asset management guidelines. The property, plant and equipment were revaluated using the depreciated replacement cost method. GRAP requires retrospective application of the standard	The asset register for the previous year to be reviewed - values and useful lives	CFO	Jun-10		
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Financial Statement Disclosures

18	There were inadequacies identified in the accounting policies and disclosures as reported in paragraph 8,19,27,28,29,30,31,41 and 42 of this report	Investigate and determine which accounting policies and disclosures not adhered to and apply	CFO	Jun-10		
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Accounting Policies

19	The accounting policies are not in accordance with the applicable financial reporting framework EX59, EX77, EX71, EX 83 and EX 138	Investigate and determine which accounting policies and	CFO	Jun-10		
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		disclosures not adhered to and apply				
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Material Lossess/impairments

21	The municipality did not escalate their rental agreements with third parties and therefore suffered a loss of income on rental agreements amounting to R 30 263 during the year under review	Ensure that proper procedure in place to control rental agreements and ensure correct collection thereof	CFO	Jan-10		
23	22. The municipality was not able to collect the money owing to the municipality from a previous councillor who is no longer serving on the Ubuntu Municipal Council. According to the loan agreements he should pay the municipality R500 per month including interest. The municipality did not take any steps to recover the amount due, R61 509. [EX13], [EX94]	Investigate and determine if ex-councillor is tracable and if amount is recoverable	CFO	Jan-10		
26	The municipality overspend on capital projects amounting to R3 962 138 (note 11 to the financial statements), the amounts are disclosed as a receivable, the recoverability of the receivable could not be confirmed [EX179]	Provide details of over expenditure and recoverability	CFO	Jun-10		

Unauthorised/Fruitless And wasteful/Irregular Expenditure

Unauthorised Expenditure

27	The municipality could not provide us with unauthorised expenditure reconciliation per sub – program of the municipality [EX181]	The internal controls and procedures to be reviewed to ensure that expenditure is approved in terms of the approved budget and the necessary managements approval	CFO	Jun-10		
28	The municipality had an overspending on capital projects amounting to R3 962 138. The recoverability of this overspending could not be determined. The municipality disclosed the over spending on the projects as part of other debtors, note 11 to the annual financial statements. The municipality should have expensed the amount in the year under review. [EX179]	The necessary council approval to be obtained condoning the overspending and reflect the expense	CFO	Feb-10		

Fruitful And Wasteful Expenditure

29	Fruitless and wasteful expenditure were identified during the year amounting to R17 120. The fruitless and wasteful expenditure are interest charges for late payment of supplier accounts. The municipality did not disclose the fruitless and wasteful expenditure identified in the annual financial statements. [EX22], [EX28], [EX33], [EX110], [EX123]	Internal control and procedures to be reviewed to ensure that payment to creditors are made on time to avoid interest being charged	CFO	Jun-10		
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30	The municipality did disclose fruitless and wasteful expenditure of R15 250 in the annual financial statements, note 29.2 and supporting documentation supporting the disclosure could not be obtained from the municipality. [EX198]	The supporting documentation to be obtained	CFO	Feb-10		
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Irregular Expenditure

31	Irregular expenditure were identified during the year amounting to R2 269 006, the irregular expenditure are procurement processes not followed. The municipality did not disclose the irregular expenditure identified in the annual financial statements. [EX44], [EX119], [EX159], [EX212]	Internal controls and procedures to be implemented to ensure that expenditure is approved in line with the approved budget	CFO	Mar-10		
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Budgetary Control

32	The municipality overspent on capital projects (R3 962 138) during the year, overspending where financed through own revenue and the there are no certainty if the municipality would be able to recover the money [EX179]. The unauthorised expenditure reconciliation of the municipality per sub - program was not made available to us for audit purposes[EX181]	Stringent budgetary controls to be reviewed to ensure that overspending does not take place	CFO	Mar-10		
33	The municipality also transferred conditional grant money (R312 579) from their investment accounts to the primary account of the municipality to finance operating expenditure. [EX125]	Budget control procedures to be reviewed to ensure misallocations are not	CFO	Mar-10		

		performed				
34	The overspending and on the capital projects and the use of money for other than the intended purpose will have an impact on the service delivery activities of the municipality.	Budget control procedures to be reviewed to ensure misallocations are not performed	CFO	Mar-10		
35	The municipality entered into a loan agreement with DBSA on 3 December 1993, initial loan amount R1 695 100. The total amount of payments made during the year was R271 558, the loan are split into two portions, the loan portion and the arrears portion of the loan. During the year interest of R143 183 were charged on the loan portion and capitalised to the arrears portion of the loan. The capital balance outstanding for the year ended is R1 535 000. [EX90]	Loan agreement to be scrutinised to determine type of loan and whether it should be transferred to the district council in terms of the powers and functions act	CFO	Mar-10		

Financial Indicators/ratios

37	<p>The following are key financial ratios / indicators at the municipality. The indicators are not in line with the expected norms for this type of entity. We recommend that management implement stringent controls to normalise them to ensure the continued effective operation of the municipality.</p> <p>i. Debt collection was calculated at 232 days ii. Creditor payments was calculated at 12 days, which are in line with Section 65 (2) (e) of the MFMA2</p>	Internal controls and procedure to be reviewed to ensure that payments received and submitted within time periods	CFO	Apr-10		
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Financial Reporting Systems

39	<p>38. The municipality does not have reliable information systems for recording and reporting on:</p> <ul style="list-style-type: none"> • Completeness of Property, Plant and Equipment [EX60], [EX63], [EX140] • Investment property [EX46] • Finance leases [EX55], [EX126] • Employee benefits [EX164] • Fruitless and wasteful, unauthorised and irregular expenditure [EX44], [EX22], [EX28], [EX33], [EX110], [EX119], [EX123], [EX125], [EX159], [EX212], [EX181], [EX179] • Assessment of consumer debtors impairment [EX151] • Payments after 30 days [EX29], [EX30], [EX37], [EX120] • Inventory [EX31] • Contingent liabilities [EX191] • Performance information [EX15], [EX148], [EX149], [EX150], [EX177], [EX192] • Subsequent events [EX208], [EX210] • Separate disclosure of material items [EX211] 	Systems and procedures to be reviewed to ensure that records and information are accurately recorded	CFO	Jun-10		
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Accounting Reforms

41	<p>The following are problems encountered with the first time implementation of the standard of GRAP:</p> <ul style="list-style-type: none"> • Accounting policies of the municipality are not developed in accordance with the GRAP accounting framework [EX59], [EX71], [EX77], [EX83], [EX94], [EX138] • Accounting treatment are not in accordance with the GRAP standards [EX31], [EX180], [EX55], [EX98], [EX100], [EX164], [EX135], [EX153], [EX93], [EX126], [EX89], [EX157], [EX158], [EX46], • GRAP conversion working papers could not be provided for audit purposes [EX181] • Retrospective application of the standard required by GRAP 3 were not applied [EX31], [EX180], [EX161], [EX164], [EX46], [EX135], [EX136], [EX180], [EX182], [EX126], [EX202], [EX209] • Disclosures are not complete and do not comply with the relative GRAP standard [EX31], [EX55], [EX65], [EX72], [EX73], [EX92], [EX94], [EX97], [EX133], [EX161], [EX164], [EX165], [EX46], [EX126], [EX86], [EX87], [EX88], [EX89], [EX121], [EX210], [EX211] 	Review accounting policies and treatment of GRAP accounting framework and prepare GRAP conversion working papers. (If not completed in time or unable to apply the GRAP standard as it may have to be phased in over a period, the deadline date to be reviewed)	CFO	Jun-10		
42	In terms of directive 4 and 5 the municipality is required to measure their property plant and equipment; inventory; finance leases; investment property; contingent liabilities and contingent assets and intangible assets in accordance with the measurement requirement of the applicable GRAP standard, within the next 3 years.	GRAP working papers to be prepared to assist with the measurement as required by GRAP standard	CFO	Jun-10		

Governance Matters**Internal Audit**

44	The internal audit unit did not perform work during the year under review which could be used during my audit performed.	Ensure that the internal audit report compiled by the internal audit component is submitted to the external auditors during the audit (depends on when internal audit visit then planning can take place)	CFO	Jun-10		
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Audit Committee

45	The audit committee did not meet prior to the submission of the financial statements for auditing on 31 August 2009, to review the adequacy, reliability and accuracy of the financial statements. The municipality therefore did not comply with Section 166 (2) (a) (iv) of the MFMA	AFS to be completed timeously to ensure that audit committee review and comment before external audit commences	CFO	Jun-10		
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Prior Year Observations And Recommendations Addressed

49	The municipality received a qualification in the prior year for an amount of R1 366 930 that was allocated to the accumulated surplus account. The municipality did not restate the comparative figures with the qualifying amount correcting the prior year qualification. [EX185]	The reason for the allocation to the accumulated surplus account to be investigated and the necessary action be taken to correct the financial transaction	CFO	Jun-10		
50	The action plan for prior year audit findings was requested and the municipality could not provide us with an action plan to address the unresolved findings of 07/08 financial year. The council meeting minutes of 9 April 2009, states that the council takes note of the audit report 07/08 and no action plan was developed. [EX74]	An action plan for 07/08 be prepared and submitted to council	CFO	Jan-10		

Division Of Revenue Act

60	The accounting officer did not submit a quarterly performance report for each quarter during the financial year ended 30 June 2009, as required by section 11(3)(b) of the DoRA. [EX15]	<ul style="list-style-type: none"> i. A person responsible to be nominated to ensure compliance and that all reports submitted timeously. ii. The quarterly performance report to be prepared and 	CFO	Feb-10		
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		submitted				
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Municipal Systems Act no 32 of 2000

64	The IDP did not reflect a financial plan, including a budget projection for at least the next three years and the key performance indicators and performance targets determined in terms of Section 26 of the Municipal Systems Act. [EX149]	Financial plan to be prepared and included in IDP	CFO/Corporate	Jun-10		
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Value Added Tax Act

70	Output tax were not paid over to the Receiver of revenue for rental income received, other than the rental of residential properties, therefore the municipality are not complying with the Value added Tax Act No 89 of 1991. [EX137]	Internal procedures will be put into place to ensure that VAT is collected from rental income and paid over to the SARS	CFO	Jan-10		
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Key Governance responsibilities

72	The prior year audit findings have been substantially addressed	Ensure that audit findings are addressed, implemented and monitored by management	MM, CFO, Mayor	Jun-10		
72	SCOPA resolutions have been substantially implemented	Ensure that SCOPA	MM, CFO, Mayor	Jun-10		

		resolutions have been implemented				
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Achievement of good practice indicators

73	Development and compliance with risk management and good internal control and governance practices	Risk Management to be established and monitored by management	MM, CFO, Mayor	Jun-10		
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Going Concern

12	Average debtors's payments period has deteriorated from 66 to 232 days and impairment loss of R230 000 in respect of doubtful debts was made by the municipality	i. The debt collection policy to be reviewed and a process to be implemented to collect outstanding debt ii. The debtors accounts to be investigated to identify indigent which must be removed from age analysis	Debtors	Jun-10		
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12	The council approved on 19 August 2009 the write off consumer debtors amounting to R 7 437 307. The municipality unable to collect the money from the consumer debtors and consist of indigent consumers that can not be identified by the municipality	i. The debtors list must be investigated and indigent consumer identified and written off. ii. A collection process must be implemented for the collection of outstanding debt	Debtors	Jun-10		
12	Salary deductions paid over to the SARS were not paid within the timeframes and penalties and interest was charged on late payment of the deductions	i. The payroll procedures in respect of 3rd party payments to be reviewed ii. The payroll officer to be trained on reconciliation of the control account and payover of deductions	Payroll	Jun-10		

Material Lossess/impairments

22	The municipality impaired consumer debtors with R 260 000 for the year under review. The prior years impairment balance were restated with R 3 900 000 (2006/07) and R 1 724 979 (2007/08). The municipality did not assess the consumer debtors at year end as required by IAS 39, paragraph 63 and 64 and the municipality could not provide us with supporting documentation supporting the impairment of R14 000 000 disclosed in the annual financial statements. [EX151]	The working document for the provision for bad debts to be escalated to the auditors at next audit	Debtors	Jun-10		
24	The municipality are not able to collect money due from councillors as the municipality impaired councillor's loans with R63 650. [EX14], [EX94]	Investigate and collect amounts outstanding from councillors	Payroll	Jan-10		
25	The municipality took a decision of 9 August 2009 to write off consumer debt amounting to R7 437 307, the municipality made a provision for impairment of R14 000 000 and therefore did not identify and disclose the subsequent event after the reporting date as required by the standard [EX210]	Provide details of the process being followed to recover outstanding debtors and disclosure to be recorded in AFS	Debtors	Jun-10		

Skills Development Levy Act

63	The SDL payment of the municipality was not paid over to the Receiver of Revenue within seven days after the end of the month as required by Section 6 of the Skills Development Levy Act. [EX102]	Procedures to be reviewed to ensure that payments to 3rd parties are performed in time	Payroll	Jan-10		
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Governance Matters**Material Inconsistencies In Other Information Included In The Annual Report**

43	The annual report was not submitted for auditing and was therefore not subjected to the intended review to determine any inconsistencies with the audited financial statements. [EX15], [EX78], [EX148], [EX149], [EX150], [EX177], [EX192]	The annual report to be compiled	Corporate	Jan-10		
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Public Officer Bearers Act

61	Cash advances were paid to councillors during the year ended 30 June 2009; such payments are prohibited by Section 7(1) of the Public Office Bearers Act. [EX44]	Management to take a decision with Council on advances taking into account applicable legislation	Corporate	Feb-10		
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Municipal Systems Act no 32 of 2000

64	The IDP did not reflect a financial plan, including a budget projection for at least the next three years and the key performance indicators and performance targets determined in terms of Section 26 of the Municipal Systems Act. [EX149]	Financial plan to be prepared and included in IDP	CFO/Corporate	Jun-10		
65	The annual performance report of the municipality was not prepared for the year under review, as required by Section 46 of the Municipal Systems Act. [EX150]	Annual performance report to be prepared and submitted to	Corporate	Jan-10		

		council for approval				
66	Key performance indicators and measurable performance targets were not set to evaluate performance against, as required by Section 41 (1) (a) of the Municipal Systems Act [EX177]	The performance agreements to be reviewed to include measurable targets	Corporate	Feb-10		
67	The municipality did not measure and reviewed their performance at least once a year, take steps to improve performance of the municipality, establish a process of regular reporting as required by, Section 41 (b) of the Municipal Systems Act [EX177]	The performance system to be reviewed to include regular assessment and reporting	Corporate	Feb-10		
68	Non compliance with Sections 41 result in non compliance with Section 45 of the Municipal Systems Act, the Auditor General could not audit the results of the performance measures [EX177]	The performance system to be reviewed	Corporate	Feb-10		
69	The municipality's performance management system does not provide for policies and procedures to take steps to improve performance with regard to those development and objectives where performance targets were not met. The performance management system also do not establish a process of regular reporting to the council, other political structures, political office bearers and staff of the municipality as required by Section 41 (d) and 41 (e) of the Municipal Systems Act. [EX192]	The performance management system to be reviewed and ensure that policies and procedures inplace and that regular reporting to council is undertaken	Corporate	Jun-10		

Key Governance responsibilities

72	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance	Review performance management system and ensure assessments on targets are accurate	MM, Corporate, Mayor	Jun-10		
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Council Resolutions

71	No Council resolutions were taken specific to the prior year audit and management report. [EX74]	Council item to be prepared for prior year audit and management report as well as for current year	Corporate	Feb-10		
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Management Risk

46	The municipality did not conduct a risk assessment of the year ended 30 June 2009 and are therefore not complying with Section 95 (c) (i) of the MFMA. [EX16]	A risk assessment to be undertaken in the current year	Risk Officer	Apr-10		
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47	<p>The failure to conduct a risk assessment are placing the municipality at risk, the municipality do not identified possible risk areas that might have a direct or indirect impact on the municipality. Possible risks that are not identified are as follows:</p> <ul style="list-style-type: none"> • Financial reporting objectives are not develop to enable the identification of risks to reliable financial reporting • Identify the risk to the achievement of financial reporting objectives • Actions that should be taken to address risks to the achievement of financial reporting objectives • Control activities are not selected and developed to mitigate the risk over financial reporting 	A risk assessment plan and fraud prevention policy to be developed and implemented	Risk Officer	Apr-10		
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Adequacy And Competence Of Financial Reporting Personnel

52	<p>The financial department of the municipality have inadequate knowledge of the accounting standards applicable to the presentation of the financial statements. Consequently the municipality had to appoint consultants at a cost of R1 600 000 to prepare the financial statements submitted for auditing.</p>	Training Service providers will be sort to provide training on GRAP, SCM, etc.	MM	Jun-10		
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Key Governance responsibilities

72	<p>Audit committee</p> <ul style="list-style-type: none"> • The audit committee substantially fulfilled its responsibilities for the year, as set out in Section 166(2) of the MFMA 	Review audit committees madate in terms of the MFMA	MM, Audit Committee	Jun-10		
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72	Internal audit <ul style="list-style-type: none"> • The internal audit function operates in terms of an approved internal audit plan. • The internal audit function substantially fulfilled its responsibilities for the year, as set out in [Treasury Regulation 3.2/27.2]/[section 165(2) of the MFMA] 	Review Internal Audits mandate in terms of an audit plan and responsibilities (MFMA sec 165(2))	MM, Internal Audit	Jun-10		
72	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in [Treasury Regulation 3.2/27.2]/[section 62(c)(i)/95(c)(i) of the MFMA]	Establish a risk assessment process	MM	Jun-10		
72	The prior year audit findings have been substantially addressed	Ensure that audit findings are addressed, implemented and monitored by management	MM, CFO, Mayor	Jun-10		
72	SCOPA resolutions have been substantially implemented	Ensure that SCOPA resolutions have been implemented	MM, CFO, Mayor	Jun-10		

Achievement of good practice indicators

73	Quality of financial statements and related management information	Accurate supporting documentation reviewed during the financial year by MM, Internal Audit	MM, Internal Audit, Audit Committee	Jun-10		
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		and Audit Committee				
73	Timeliness of financial statements and management information	Accurate supporting documentation reviewed during the financial year by MM, Internal Audit and Audit Committee	MM, Internal Audit, Audit Committee	Jun-10		
73	Development and compliance with risk management and good internal control and governance practices	Risk Management to be established and monitored by management	MM, CFO, Mayor	Jun-10		

Key Governance responsibilities

72	Audit committee <ul style="list-style-type: none"> • The audit committee substantially fulfilled its responsibilities for the year, as set out in Section 166(2) of the MFMA 	Review audit committees mandate in terms of the MFMA	MM, Audit Committee	Jun-10		
72	Internal audit <ul style="list-style-type: none"> • The internal audit function operates in terms of an approved internal audit plan. • The internal audit function substantially fulfilled its responsibilities for the year, as set out in [Treasury Regulation 3.2/27.2]/[section 165(2) of the MFMA] 	Review Internal Audits mandate in terms of an audit plan and responsibilities (MFMA sec 165(2))	MM, Internal Audit	Jun-10		

Achievement of good practice indicators

73	Quality of financial statements and related management information	Accurate supporting documentation reviewed during the financial year by MM, Internal Audit and Audit Committee	MM, Internal Audit, Audit Committee	Jun-10		
73	Timeliness of financial statements and management information	Accurate supporting documentation reviewed during the financial year by MM, Internal Audit and Audit Committee	MM, Internal Audit, Audit Committee	Jun-10		
<u>Unavailability Of Expected Information</u>						

53

As indicated in our engagement letter, we agreed that all information requested for purposes of the audit would be submitted within 5 working days of the request by the auditors. Despite this agreement, management did not supply the documentation requested in the following instances:

- Declaration forms completed by the suppliers before they are appointed by the municipality (Information was requested September 16, 2009) [EX181]
- Employee cost reconciliation received from SARS (Information requested September 16, 2009) [EX181]
- Rental agreement entered into with Linear Power (Information was requested October 15, 2009) [EX181]
- External confirmation that the over spending on capital projects will be recovered from MIG and Department of Housing (Information was requested, October 15, 2009) [EX181]
- Working papers supporting the conversion from IMFO to GRAP (Information was requested October 15, 2009) [EX181]
- Unauthorised expenditure reconciliation of the municipality per sub program (Information was requested October 20, 2009) [EX181]
- Written confirmation from the municipal manager with reasons for the over spending on capital projects (Information was requested October 20 , 2009)
- Reconciliation to monitor distribution losses (Information was requested August 18, 2009)
- Evaluation process for the awarding of tenders to De Aar Electrical and KVB [EX188]

i. A responsible person to be nominated to ensure that in future that the auditors are supplied with the necessary documentation and/or replies regarding the audit queries raised
ii. Obtain the necessary documentation and calculations and place on audit file for next audit

All

Jan-10

Non-Compliance With Applicable Legislation

59

Non – compliance with the following laws and regulations were identified:

MFMA no 56 of 2003

- Section 115 (b) [EX3], [EX6]
- Section 62 (1)(c) [EX5], [EX16], [EX70], [EX186]
- Section 65 (1)(c) [EX7]
- Section 64 (2) (c), (f) [EX11], [EX13], [EX95]
- Section 62 (1)(d) [EX22], [EX28], [EX33], [EX110], [EX102], [EX114], [EX119], [EX123], [EX125], [EX159], [EX186], [EX188], [EX191]
- Section 65 (2) (e) [EX29], [EX30], [EX120]
- Section 96(2) [EX42]
- Section 63 [EX60]
- Section 9 (a) [EX67]
- Section 70(2) [EX68]
- Section 125 (2) (a) [EX72]
- Section 64 (2)(h) [EX91], [EX99]
- Section 123 (1) [EX100], [EX132]
- Section 97 (a) (b) [EX122], [EX152], [EX156]
- Section 53(1) (c) [EX148]
- Section 64 (2) (b) [EX 155]
- Section 74 (1) [EX187]
- Section 104 (b) [EX187]
- Section 166 (2) (a) (iv)
- Section 32 (4) (a) [EX196]
- Section 54 (1) (a) – (f) [EX199]
- Section 72 (1) [EX201]
- Section 65 (2) (i) [EX212]
- Section 112 [EX212]

i. The internal control process and a person responsible be establish to ensure that compliance of applicable legislation is adhered to
ii. Investigate each exception and prepare or obtain completed documentation and place on audit file for next audit

All

Mar-10

<u>Significant findings from our review of the performance information</u>					

74	<ul style="list-style-type: none"> • There was overall non-compliance with the legislative requirements pertaining to the planning, monitoring, managing and reporting of performance information [EX177], [EX192] • There was an overall lack of effective, efficient and transparent systems and internal controls regarding performance management and reporting [EX177], [EX192] • The entity has not reported throughout on its performance with regard to its objectives, indicators and targets, as per the approved integrated development plan [EX148], [EX149], [EX150], [EX177], [EX192] • Sufficient appropriate audit evidence in relation to the performance information was not provided [EX15], [EX148], [EX149], [EX150], [EX177], [EX192] • There was no annual report submitted for audit purposes to report on performance information [EX150], [EX177] 	i. Review compliance requirements in terms of legislation, systems and internal control ii. Review the performance management process and ensure regular monitoring, report back and targets are adhere to	All	Jun-10		
<u>Key Governance responsibilities</u>						
72	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete	Review process to ensure accurate information and documentation	All	Jun-10		
72	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information	Review process to ensure accurate information and documentation	All	Jun-10		

72	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the [entity name] against its mandate, predetermined objectives, outputs, indicators and targets [Treasury Regulations 5.1, 5.2 and 6.1 (departments)/Treasury Regulation 29.1/30.1 (public entities)]/[section 68/87 of the MFMA (municipalities)]	Ensure that budget control process in place, objectives, outputs, indicators and targets are met. Quarterly meetings to be held to assess performance	All	Jun-10		
<u>Achievement of good practice indicators</u>						
73	Clear trail of supporting documentation that is easily available and provided timeously	Review accuracy, preparation, authorisation, submission and filing of documentation	All	Mar-10		
<u>Water Services Act</u>						
62	The water services plan of the municipality are still in draft format and were not implemented for the year ended 30 June 2009, as required by Section 15(5) of the Water Services Act. [EX78]	Ensure WSP compliant with legislation and community participation is undertaken before adoption with council	Technical	Mar-10		

<u>Key Governance responsibilities</u>						
72	The prior year audit findings have been substantially addressed	Ensure that audit findings are addressed, implemented and monitored by management	MM, CFO, Mayor	Jun-10		
72	SCOPA resolutions have been substantially implemented	Ensure that SCOPA resolutions have been implemented	MM, CFO, Mayor	Jun-10		
72	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance	Review performance management system and ensure assessments on targets are accurate	MM, Corporate, Mayor	Jun-10		
<u>Achievement of good practice indicators</u>						
73	Development and compliance with risk management and good internal control and governance practices	Risk Management to be established and monitored by management	MM, CFO, Mayor	Jun-10		

4.3 Department of Finance

The financial year was a challenging year for this department. All monthly and quarterly reports were submitted before the due dates; the budget was submitted and approved by Council before the due date; financial statements were submitted by 31 August 2009. The audit report was a disclaimer opinion by the Auditor- General which was mainly attributed to the conversion of the accounting standard from IMFO to GRAP.

The department still has a few challenges to face such as the payment of services percentage. The department is still understaffed, but the existing staff members are committed to securing the best positive service delivery to the community. The municipality needs to deal with a very high percentage of indigent customers, which contributes to the challenge of balancing the resources for optimal service delivery.

5. Chapter 5: Functional Area Service Delivery Reporting

5.1. Department Corporate Services

Integrated Development Plan & Local Economic Development

This unit functions under the Corporate Services Department, headed by the Head of Corporate Services and assisted by the Chief Administration Officer.

The following functions are carried out by this Department:

- IDP
- LED
- Tourism
- Commonage

Integrated Development Plan

The IDP adheres to the strategic planning of the Municipality in terms of the Municipal Systems Act. The original IDP document was drafted during 2003. For this financial year we reviewed the IDP as prescribed by Legislation and it was submitted to the MEC for Housing & Local Government. In the IDP we focused on the 5 Key Performance Areas of Local Government. Part of this document forms our capital and infrastructural project. Community participation was vital in reviewing the Integrated Development Plan. A number of projects were identified by the different communities in our Municipal Area, but only the following were initiated, due to a shortage of financial resource. We submitted a number of project applications to Departments for financial assistance.

Victoria West

- ✚ Housing Project (Building of 50 houses)
- ✚ Mandela Square Housing Project (Building of 176 houses)
- ✚ Eradication of buckets in Mandela Square
- ✚ Eradication of buckets in Hutchinson
- ✚ Erecting of High Mast Lights
- ✚ Installation of Water meters
- ✚ Upgrading of Municipal Buildings
- ✚ Eradication of Buckets in Victoria West
- ✚ Avail land to emerging farmers
- ✚ Sport development in Victoria West
- ✚ Surveying of 320 plots
- ✚ Servicing of 200 plots – Cleaning up campaign

Richmond

- ✚ Housing Project 106 (Building of 176 houses)
- ✚ Upgrading of Electrical Network
- ✚ Eradication of Buckets in Richmond
- ✚ Installation of water meters
- ✚ Tarring of Municipal roads and streets
- ✚ Surveying of 108 plots

- ✚ Servicing of 108 plots
- ✚ Cleaning – up Campaigns

Loxton

- ✚ Upgrading of Water Resource
- ✚ Erecting of High Mast Lights
- ✚ Eradication of Buckets in Loxton
- ✚ Supply 60 plots with water
- ✚ Upgrading of community hall & offices
- ✚ Upgrading of Bridge

During the financial year R226 136.00 was budgeted from our funds engendered by job creation projects.

Workers Employed

During the period 1 300 jobless people were employed.

Local Economic Development

This is an area needing more earnest focus. Council adopted an Incentive Policy to encourage investors. We are in a partnership with the Apollo Development Association to bring LED in our area. We make provision for a fully operational LED section into our organisational structure, in the next financial year. We had a discussion with DBSA to assist us to develop a LED strategy for our Municipality. Investors of America are already investing in Richmond. Karoo Free Range invests more than R 10,000,000.00 in Victoria West by upgrading the Municipal Abattoir. Our Municipality participated in the District Growth & Development summit. Ubuntu Municipality was a partner in SMME training that was conducted by SEDA. Ubuntu Municipality accommodated Eagle Flight School at our Air strip, and this had a huge impact on our economy. We gave people of Loxton land to start a nursery. The municipality assisted women in our area to start food gardening projects.

In the view of the above the Council is now considering the following:

- ✚ Upgrading of existing buildings & infrastructure
- ✚ Cleaning of public environment
- ✚ Reducing crime in our areas
- ✚ Marketing our areas
- ✚ Appointment LED staff
- ✚ Attracting new business & investors
- ✚ Reviving the Tourism office in our area

Project Management

In all our implemented projects we utilized our staff to do Project Management. Where we encounter capacity problems, we are assisted by the Pixley Ka Seme District Municipalities Technical Service Division.

Commonage

During this financial year the entire commonage in the Ubuntu area was let to the Emerging Farmers in our Municipal Area. A Commonage Management Plan were drafted and adopted by Council. The only problem that we encountered was the poor payment of rent and the

upgrading of fences and assets on the commonage. The Department of Land Affairs made a commitment to assist us with the upgrading of the commonage.

Tourism

The tourism office was situated at the Apollo Development Association. The office was managed by one of the officials of Apollo Development Association. The following issues received attention:

- ✚ Compilation of data of all SMME's
- ✚ Database of Guesthouses in the Municipal Area
- ✚ Some of the guesthouses are graded. (Others need to be encouraged.)

The following will require urgent attention:

- ✚ Funding for tourism office
- ✚ Training of tourism office staff
- ✚ Appointment of tour guides
- ✚ Encouraging Black Communities to become involved in tourism (guesthouses)
- ✚ Upgrading of existing tourism attractions

Shortcomings

- ✚ A fully operational Tourism office with trained staff.

Corporate Service Department

The Department of Corporate Services includes of Administration, Human Resources, Traffic, Libraries, Primary Health and Cleaning Services.

Secretariat Services

The primary responsibility of this division is to arrange meetings, prepare agendas, and record minutes. The Council functions as a multi-committee system and the following committees met regularly on a monthly basis (or as indicated between brackets)

- ✚ General Council Meetings (6)
- ✚ Special Council Meetings (8)
- ✚ Corporate Service Committee Meetings (5)
- ✚ Financial Committee Meetings (6)
- ✚ Technical Committee Meetings (5)
- ✚ Budget Consultation Meetings (5)
- ✚ IDP representative Forum Meetings (4)

The following ad hoc committees meet on a regular basis

- ✚ Five Local Labour Forum meetings took place during the year.
- ✚ No Performance Management Committee Meetings were held during the year
- ✚ Training Committee.

This division is also responsible for typing, translation services, and bookings of reservations and the handling of switchboards functions.

Legal Services

At present Council does not have a legal services division but we utilize private attorneys and the Legal Services of the Shared Services component of Pixley Ka Seme District Municipality. During the financial year under review some of the policies & bylaws of council were reviewed.

Property Transactions

Various transactions were conducted, including the sale of erven & property. Various lease agreements were entered into, or renewed.

Municipal Offices, Halls & Buildings

This section of the Department is mainly responsible for providing a cleaning service to the offices, halls and buildings of Council. The following halls & buildings were regularly cleaned by staff in this department, assisted by the Technical Services Department:

- ✚ Victoria West Town Hall
- ✚ Kappertjie Street Community Hall
- ✚ Masinyusane Community Hall
- ✚ Council Chambers in Victoria West & Richmond
- ✚ Ward Councillors Offices
- ✚ Community Development Workers offices
- ✚ Head offices in Victoria West
- ✚ Masinyusane Municipal Offices
- ✚ Loxton Municipal Office & Library
- ✚ Richmond Municipal Office
- ✚ Nomzamo
- ✚ Community Hall
- ✚ Loxton Community Hall
- ✚ Victoria West Caravan Park
- ✚ Motor Vehicle Testing Station Victoria West
- ✚ Richmond Show Hall
- ✚ Victoria West Clinic
- ✚ Municipal Stores & Offices
- ✚ Mayors Office
- ✚ Committee Room

Community Halls

We have 15 permanent employees cleaning the buildings & offices during the financial year under review. Many unemployed temporary workers were involved in the cleaning of the buildings. The leasing of Hall falls under this section. Income of R16 506.00 was generated by the leasing of the halls.

Registry/Archives

This section provides comprehensive photocopying services and is also responsible for the record control system and postal and fax services of the Council. It provides a support service for all council's activities.

Library Services

Ubuntu Municipality has 4 libraries in the three towns, providing an excellent information service to the inhabitants. We have prepared a business plan for the Library Development Programme which was submitted to the Departments of Sports, Arts & Culture. An amount of R238 000.00 was received from the Department of Sports, Arts & Culture for the Library Development programme. We allocated the funds as follows:

- ✚ We have appointed six (6) temporally staff
- ✚ Provided internet service to the communities
- ✚ Held exhibitions
- ✚ Had a library week
- ✚ Improved the roof of Jannie Jansen Library
- ✚ Conducted Youth development programmes
- ✚ Installed burglar bar for security.
- ✚ Purchased library material
- ✚ Upgraded libraries

Traffic Services

The primary task of the Traffic Service section is to enforce road safety by monitoring traffic violations. The following tasks were executed during the financial year:

- ✚ Roadworthy examination
- ✚ Testing of vehicles
- ✚ Law Enforcement
- ✚ Speed Law Enforcement
- ✚ Motor vehicle registration
- ✚ Learners License (Done by Provincial Traffic)

We have registered 5 unemployed youth with the Traffic College in Cape Town.

Housing

This section deals with the delivery and planning of houses to the inhabitants of Ubuntu. For the year under review we surveyed 176 erven in Victoria West and 108 erven in Richmond. We also started building 176 houses in Victoria West and 108 houses in Richmond. We keep an up-to-date Housing Waiting List. During the year under review we transferred Bonanza houses of Council to the inhabitants who used to rent the houses.

The following number of houses was completed:

- ✚ 50 houses completed (Relocation of Witblokke residents)
- ✚ 60% completion of 176 houses in Mandela Square
- ✚ 40% completion of 108 houses in Richmond

Municipal Systems Improvement Grant (MSIG)

The MSIG is a conditional grant directed to a select number of Local & District Municipalities. The purpose of the grant is to support Municipalities in implementing new systems as covered by the Municipal Systems Act, Municipal Structure and related policy & legislations. Ubuntu Municipality received an amount of R734 000.00 for this programme which was spent as follows:

- ✚ Reviewing the IDP
- ✚ Implementation of the Performance Management System & Policy
- ✚ Implementation of Section 78: Delegation of powers
- ✚ Compilation of Financial Statements
- ✚ Drafting of Valuation Roll
- ✚ PIMS operational cost for Shared Services

Performance Management Evaluation

1. INTRODUCTION

The report is made in terms of the Performance Management System of Ubuntu Municipality and the Local Government: Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 (Municipal Performance Regulations)

2. LEGISLATIVE FRAMEWORK

The following are conditions attached to the award of a bonus to an employee for outstanding performance as prescribed by legislation.

2.1 Affordability

Section 38 of the Municipal Systems Act requires a municipality to establish a performance management system which is commensurate with its resources. The Municipal Performance Report, in section 8, makes affordability to the municipality a condition for bonuses to be paid to senior managers.

2.2 Period Permissible to Award a Performance Bonus

The Municipal Systems Amendment Act restricts the award of bonuses to employees to a period of a financial year.

2.3 Tabling and Adoption of Annual Report by Council.

A third condition is that a performance bonus can only be paid after the Annual Report for the year under review has been tabled and adopted by Council. At this point of the municipal business cycle, the Auditor General has had an opportunity to express an opinion on the municipality's financial statements and the municipality's planning and performance management systems.

It is also at this stage in the business cycle that the Oversight Committee of Council has had an opportunity to make recommendations to Council on the Annual Report in terms of section 129 of the MFMA.

The Annual Report content, process and resultant Oversight Report is a fairly accurate indicator of overall performance of a municipality over a particular year.

2.4 Performance Evaluation

The fourth condition is for a credible performance evaluation or assessment process in terms of the section 26 and 27 of the Municipal Performance Regulations.

2.5 Council Approval

The fifth condition is that the Evaluation or Performance Assessment Report and the awarding of bonuses must be approved by Council.

2.6 Percentage Limit

A Performance bonus is capped at 14% of the all-inclusive remuneration package in terms of section 32 of the Municipal Performance Regulations.

3 THE 2008/09 FINANCIAL YEAR PERFORMANCE EVALUATION

The 2008/09 Performance Evaluation took place in February/March 2010. A service provider was contracted to ensure strict adherence to legislation, transparency between contracting parties and, as an outside party, add to the legitimacy of the process.

A workshop was held first before individual senior managers' assessments could take place to ensure that all senior managers are familiar with applicable legislation and the process and procedure of assessment. No evaluation was done of the Institution performance and service providers; this will have to form part of any future evaluations.

4 EMPLOYEES EVALUATED

The report covers the annual performance assessment for the 2008/09 of the following employees

NAME	DEPARTMENT
1. H Jacobs	Corporate Services
2. E Christiansen	Finance
3. M Kivedo	Technical Services
4. M Fillis	Municipal Manager

5 EVALUATION PROCEDURE AND CRITERIA

5.1 Procedure

Each manager was required to compile a portfolio of evidence supporting their performance against key performance indicators agreed to with the municipality in their signed performance agreements.

Employees were also to indicate their own self-scores against the total weighting for each KPI in the performance agreements based on their performance.

The scores were then confirmed with the Municipal Manager in case of section 57 managers and with the Mayor in the case of the Municipal Manager based on their satisfaction with the evidence submitted.

5.2 Criteria

The assessment criteria consists of two components with a weighting of 80:20 allocated to key performance areas (KPAs) and core competency requirements (CCR) requirements respectively.

80% of the score is the main area of work. Assessment will be based on performance in terms of outputs and outcomes linked to KPAs agreed to in the performance plan.

20% of the score is based on CCR that are deemed to be the most critical for the employee's specific job and agreed to during contracting.

5.2.1 Key Performance Areas

The KPAs are modelled according to the 2006-2011 Local Government Strategic Agenda.

- Basic Service delivery;
- Municipal Institutional Development and Transformation;
- Local economic Development;
- Municipal Financial Viability and Management;
- Good Governance and Public Participation;

5.2.2 Core Managerial and Occupational Competencies

CCRs are selected according to a specific field of a Senior Manager from the following list required by Regulations.

- Strategic capability and leadership;
- Programme and project management;
- Financial management (c);
- Change management;
- Knowledge management;
- Service Delivery Innovation;
- Problem solving and analysis;
- People management and empowerment (c);
- Client orientation and customer focus (c);
- Communication;
- Honesty and integrity;
- Policy implementation within national policy frameworks;
- Knowledge of PMS and Reporting;
- Global and local political and economic context;

- Policy conceptualization, analysis and implementation;
- Knowledge of multiple municipal fields or discipline;
- Mediation skills;
- Governance skills;
- Self management;
- Competence as required by other national line departments;
- Creativity to improve the functioning of the municipality

6 SYNOPSIS OF EVIDENCE

6.1 Head of Department: Corporate Services Key Performance Areas:

Key performance Area	Weighting	Objective	Key Indicator	Performance Target	Ref	S/Score	C/SCORE	F/SCORE
1. Municipal Institutional Development and Transformation	60	• To establish an effective organisational structure	▪ Review	Once	corp. 9	5	4	4
			▪ Filling of all vacant Critical posts	Annually	corp. 9	4	4	4
		• To develop and implement a performance management system	▪ Implementation of PMS for MM + Direct Reports	Annually	corp. 4	3	3	3
			▪ Review of PMS	Quarterly		2	1	1
		• To adhere to the Municipality's employment equity plan	▪ Implement EE Plan	Annually	corp. 8	3	3	3
		• To develop the Municipality's human resources	▪ Implementation of the Integrated Institutional Plan	Once	corp. 5	3	3	3
		• To review and implement the Skills Development Plan	▪ To review the current SDP	Annually	corp. 3 & 7	5	5	5
			▪ To develop a Training Programme in accordance with the SDP	Annually	corp. 3 & 7	2	2	2
		• To improve the moral and team spirit	▪ To Have Departmental team Building Sessions	Annually		1	1	1

		<ul style="list-style-type: none"> To improve the relationship between politicians, officials and amongst politicians 	<ul style="list-style-type: none"> To have a Council Bosberaad to clarify the roles and functions of all internal role players 	Annually	corp. 10	5	5	5
		<ul style="list-style-type: none"> To prevent and combat corruption 	<ul style="list-style-type: none"> To develop a fraud and anti- corruption policy 	Once	corp. 5	5	5	5
		<ul style="list-style-type: none"> The improvement of the safety and security of residents 	<ul style="list-style-type: none"> To participate in Safety and Security programmes 	Annually		1	1	1
			<ul style="list-style-type: none"> To review and implement the HIV/ Aids policy of the Municipality 	Annually	corp. 5	2	2	2
		Revision of the IDP	<ul style="list-style-type: none"> Review and adoption the IDP 	Annually	corp. 6	5	5	5
2. Local Economic Development (LED)	20	<ul style="list-style-type: none"> To promote local economic development in the Municipal area 	<ul style="list-style-type: none"> Participate in the DGDS 	Once		3	3	3
			<ul style="list-style-type: none"> Implement DGDS Resolutions 	Annually		2	2	2
			<ul style="list-style-type: none"> To develop a LED and Tourism plan 	Annually		1	1	1
		<ul style="list-style-type: none"> To create job opportunities 	<ul style="list-style-type: none"> 250 job opportunities created 	Once		5	5	5
3. Good Governance and Public Participation	20	<ul style="list-style-type: none"> To promote a culture of open communication with all internal and external stakeholders 	<ul style="list-style-type: none"> Programme for Public Participation 	Annually	corp. 2	2	2	2
			<ul style="list-style-type: none"> Implementation of Policy 	Once	corp. 1	1	1	1

Core Competency Requirements:

CORE MANAGERIAL COMPETENCIES (CMC)		WEIGHT %	S/SCORE	MM/SCORE	F/SCORE
Financial Management	compulsory	10	5	3	4
Change Management		10	3	2	2
People Management and Empowerment	compulsory	10	5	3	3
Client Orientation and Customer Focus	compulsory	10	4	3	3
Communication		10	3	3	3
CORE OCCUPATIONAL COMPETENCIES (COC)					
Interpretation of and implementation within the legislative an national policy frameworks		10	5	3	4
Knowledge of Performance Management and Reporting		10	4	3	4
Competence in policy conceptualisation, analysis and implementation		10	5	4	4
Skills in Mediation		10	4	2	2
Exceptional and dynamic creativity to improve the functioning of the municipality		10	4	3	3
Total percentage	-	100%	42	29	32

6.2 Head of Department: Finance
Key Performance Areas:

Key performance Area	Weighting	Objective	Key Performance Indicator	Performance Target	Target Date	Ref	S/Score	C/SCORE	F/SCORE
1. Municipal Financial Viability and Management	80	• increase payment services To the for	▪ To increase payment of services to 90%	Annually	30-Jun-09	cfo 1	3	3	3
			▪ Review of the Credit Control Policy	Annually	30-Jun-09	cfo 2	2	2	2
			▪ To by-law the Amendments or Reviewed CC Policy	Once	30-Jun-09	cfo 3	4	2	2
			▪ Reporting on income and expenditure	Monthly, Quarterly	10 th of Each Month	cfo 4	5	5	5
		• manage expenditure and income in accordance with the approved budget To	▪ 100% expenditure on Capital	Annually	30-Jun-09	cfo 5	4	3	3
			▪ To complete Financial Statements	Annually	31-Aug-09	cfo 6	5	5	5
			▪ To complete the budget on the prescribed time	Annually	31-May-09	cfo 7	5	5	5

municipality					
Total percentage	-	100%	45	37	37

6.3 Head of Department: Technical Services Key Performance Areas:

Key performance Area	Weighting	Objective	Key Performance Indicator	Performance Target	Target Date	Ref	S/Score	C/Score	F/Score
1. Basic Service Delivery	65	• To improve customer care and service delivery	▪ To provide crucial documents of the Municipality in laymen's language	Continuous	30-Jun-08	T2	4	2	2
			▪ 100% expenditure on implementation	Continuous	30-Jun-08	cfo 4	4	2	3
		• To Plan, provide infrastructure and Services	▪ Successful implementation of approved projects as per the project implementation plan	100%	30-Jun-08	T1	3	2	2
			▪ Reports: DORA;	100%	10 th of each month	cfo 4	4	2	3
			▪ Business plan	Annually	30-Jun-08	T3	3	3	3

			▪ Eradicate the backlog of all buckets	100%			5	4	4
		• To Manage the Planning and Development Function of the Municipality according to the IDP taking into cognisance the Provincial Growth and Development Strategy	▪ Report on the implementation of Project of the IDP	Annually	31-Mar-08				
						corp 6	5	3	3
2. Local Economic Development (LED)	15	• To create job opportunities	▪ 250 job opportunities created	Annually	30-Jun-08	T1	2	2	2
3. Good Governance and Public Participation	20	• To promote a culture of open communication with all internal and external stakeholders	▪ Programme for Public Participation	Annually	31-Oct-08	corp2	4	4	4
			▪ Implement Communication Policy	Once	30-Jun-08	corp 1	4	2	3

Core Competency Requirements:

CORE MANAGERIAL COMPETENCIES (CMC)	√	WEIGHT	S/SCORE	MM/SCORE	F/SCORE
Financial Management	compulsory	10	4	4	4
Knowledge Management		10	3	3	3
People Management and Empowerment	compulsory	10	3	3	3
Client Orientation and Customer Focus	compulsory	10	5	4	4
Honesty and Integrity		10	4	4	4
CORE OCCUPATIONAL COMPETENCIES (COC)					
Interpretation of and implementation within the legislative an national policy frameworks		10	4	3	4
Competence in policy conceptualisation, analysis and implementation		10	5	3	4
Knowledge of more than one functional municipal field / discipline		10	4	4	4
Skills in Mediation		10	4	4	4
Exceptional and dynamic creativity to improve the functioning of the municipality		10	4	4	4
Total percentage	-	100%	40	36	38

**6.4 Municipal Manager
Key Performance Areas:**

Key performance Area	Weighting	Objective	Key Performance Indicator	Performance Target	Target Date	Ref	S/Score	C/SCORE	F/SCORE
1. Basic Service Delivery	• 15	To improve customer care and service delivery	▪ To provide crucial documents of the Municipality in laymen's language	Continuous	30-Jun-08	T2	4	2	2
		To Plan, provide infrastructure and Services	▪ Reports: DORA;	Monthly	10 th of each month	cfo 4	4	2	3
			▪ Business plan	100%	30-Jun-08	T3	3	3	3
			▪ Eradicate the backlog of all buckets	100%	30-Jun-08		5	4	4
		• To Manage the Planning and Development Function of the Municipality according to the IDP taking into cognisance the Provincial Growth and Development Strategy	▪ Review and adoption the IDP	Annually	31-Mar-08	corp6	4	4	4

			▪ Report on the implementation of Project of the IDP	100%					
						corp6	5	3	3
2. Municipal Institutional Development and Transformation	15	To establish an effective organisational structure	▪ Review	Once	31-Dec-07				
						corp9	5	4	5
		To develop and implement a performance management system	▪ Filling of all vacant Critical posts		30-Jun-08				
						corp 9	4	4	4
			▪ Implementation of PMS for MM + Direct Reports	Annually	14-Aug-07				
						corp4	3	3	3
			▪ Review of PMS	Quarterly	End of each quarter				
							2	2	2
		To adhere to the Municipality's employment equity plan	▪ Implement EE Plan	Annually	30-Jun-08				
						corp8	3	3	3
		To develop the Municipality's human resources	▪ Compilation of an Integrated Institutional Plan	Once	30-Jun-08				
						corp5	3	3	3

		To review and implement the Skills Development Plan	▪ To review the current SDP	Annually	30-Jun-08	corp3 & 7	5	5	5
			▪ To develop a Training Programme in accordance with the SDP	Annually	30-Jun-08	corp 3 & 7	2	2	2
		To improve the moral and team spirit	▪ To Have Departmental team Building Sessions	Annually	30-Jun-08		1	1	1
		To prevent and combat corruption	▪ To develop a fraud and anti-corruption policy	Once	30-Jun-08	corp5	5	5	5
			▪ To participate in Safety and Security programmes	Annually	30-Jun-08		1	1	1
		To improve the relationship between politicians, officials and amongst politicians	To Have Bosberaad/ Strategic Planning Sessions	Annually	30-Jun-08	corp10	5	5	5
		The improvement of the safety and security of residents	▪ To review and implement the HIV/ Aids policy of the Municipality	Annually	30-Jun-08	corp5	2	2	2
3. Local Economic Development (LED)	• 30	To promote local economic development in the Municipal area	▪ Participate in the DGDS	Once	30-Jun-08		3	3	3

4. Municipal Financial Viability and Management	20		▪ Implement DGDS Resolutions	Annually	30-Jun-08		2	2	2
			▪ To develop a LED and Tourism plan	Once	30-Jun-08		1	1	1
		To create job opportunities	▪ 250 job opportunities created	Annually	30-Jun-08	T1	5	5	5
		To increase the payment for services	▪ To increase payment of services to 90%	Annually	30-Jun-08	cfo1	3	3	3
			▪ Review of the Credit Control Policy	Annually	30-Jun-08	cfo2	2	2	2
			▪ To by-law the Amendments or Reviewed CC Policy	Once	30-Jun-08	cfo3	4	2	2
		To manage expenditure and income in accordance with the approved budget	▪ Reporting on income and expenditure	Monthly, Quarterly	10 th of Each Month	cfo4	5	5	5
			▪ 100% expenditure on Capital	Annually	30-Jun-08	cfo5	4	2	3
			▪ To complete Financial Statements	Annually	31-Aug-06	cfo6	5	5	5

			<ul style="list-style-type: none"> ▪ To complete the budget on the prescribed time 	Annually	31-May-08	cfo7	5	5	5
		<ul style="list-style-type: none"> • To improve the financial viability of the Municipality 	<ul style="list-style-type: none"> ▪ To establish a budget monitoring committee 	Once	31-Oct-08		1	1	1
			<ul style="list-style-type: none"> ▪ To establish a system of internal audit 	Annually	31-Oct-08	cfo8	4	2	3
5. Good Governance and Public Participation	20	<ul style="list-style-type: none"> • To promote a culture of open communication with all internal and external stakeholders 	<ul style="list-style-type: none"> ▪ Programme for Public Participation 	Annually	31-Oct-08	corp 2	2	2	2
			<ul style="list-style-type: none"> ▪ Development of a Policy 	Once	30-Jun-08	corp 1	5	5	5

Core Competency Requirements:

CORE MANAGERIAL COMPETENCIES (CMC)	x	WEIGHT	S/SCORE	M/SCORE	F/SCORE
Financial Management	compulsory	10	5	3	4
Knowledge Management		10	4	4	4
People Management and Empowerment	compulsory	10	5	4	4
Client Orientation and Customer Focus	compulsory	10	5	3	3
Honesty and Integrity		10	5	4	4
CORE OCCUPATIONAL COMPETENCIES (COC)					
Interpretation of and implementation within the legislative and national policy frameworks		10	5	4	4
Competence in policy conceptualisation, analysis and implementation		10	5	4	4
Knowledge of more than one functional municipal field / discipline		10	5	4	4
Skills in Mediation		10	5	3	3
Exceptional and dynamic creativity to improve the functioning of the municipality		10	5	4	4
Total percentage	-	100%	45	37	38

7 COMBINED SCORESHEET

Name	Designation	KPA Score	Potential KPA Score	KPA score as %	Reworked KPA Score	CCR Score	Potential CCR Score	CCR Score as %	Reworked CCR Score	Combined Score	Full Percentage
H Jacobs	HCS	58.00	100.00	58.00	60.80	32.00	50.00	64.00	13.20	74.00	74
C Christiansen	CFO	29.00	55.00	53.18	62.55	29.00	50.00	74.00	14.80	77.35	77
M Kivedo	HTS	29.00	50.00	53.14	66.51	38.00	50.00	76.00	14.80	81.31	81
M Fillis	MM	107.00	170.00	63.00	60.24	38.00	50.00	76.00	17.20	77.44	77

8 MANAGEMENT OF EVALUATION OUTCOMES

Overall Rating

An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.

<i>Level</i>	<i>Terminology</i>	<i>Description</i>	<i>Points Awarded</i>	<i>Assessing Score</i>	<i>Percentage to Bonus Relationship</i>
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.	5	75-100	A maximum bonus is allowed between 10 and 14% of a person's all inclusive yearly remuneration package. (the percentage will be approved by the Municipal Council's Council decision before payment)
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.	4	65-74	A maximum bonus is allowed between 5 and 9% of a person's all inclusive yearly remuneration package. (the percentage will be approved by the Municipal Council's Council decision before payment)

<i>Level</i>	<i>Terminology</i>	<i>Description</i>	<i>Points Awarded</i>	<i>Assessing Score</i>	<i>Percentage to Bonus Relationship</i>
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.	3	51-64	No Bonus
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.	2	31-50	No Bonus
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.	1	Less than 30	No Bonus

Section 32 of the regulations determines the criteria for managing the results of performance evaluation in order to determine the bonus payable to each employee. The scale in the table below guides the determination of bonuses to be paid to employees for outstanding performance.

Percentages as per Regulation	Percentage Achieved (%)	Bonus Percentage (%)
5-9%	66	5
	68	6
	70	7
	72	8
	74	9
10-14%	75	10
	80	11
	85	12
	90	13
	95	14
	100	14

9 OVERALL RATING

The overall rating achieved for the Key Performance Areas and Core Competency Requirements were then converted into a scale of 1 to 5. 1 representing unacceptable performance, and 5 representing outstanding performance as outlined above.

10 FINAL SCORES AND PERCENTAGE BONUS

The following are the final scores and bonus percentages payable on the employees total remuneration packages.

NAME	DESIGNATION	Evaluation Scores	% Bonus payable
H Jacobs	HOD: Corporate Services	00	0%
E Christiansen	Chief Financial Officer	00	0%
M Kivido	HOD: Technical Services	00	0%
M Fillis	Municipal Manager	00	0%

11 GENERAL RECOMMENDATIONS

The following recommendations are made to improve the municipality's Performance Management System.

Performance Agreements must be reconfigured to:

- Set proper baseline information for each KPI;
- KPIs to be input, output and outcome based;
- Quarterly performance targets should be set as a mirror of performance targets of the Technical SDBIP.

12 CONCLUSION

That the Council approves or rejects the *Performance Evaluation Report* and authorise the payment of performance bonuses or institute the remedial steps as recommended

5.2. Department Technical Services

Introduction

To have access to basic services is a constitutional right of all consumers within a municipality. Because of historical problems, backlogs occur in some areas within a municipality.

To address these backlogs, national government come up with a backlog eradication program and set some targets.

There's some problems municipalities face in the eradication of backlogs...

- 1.Funds from national are not enough to address all backlogs as per IDP of municipality.
- 2.Training of municipal officials on MIG process not up to date.
- 3.Lack of engineers at municipality as standards are high from national.
- 4.Lack of staff at municipality.
- 5.Poor community to address counter fund issue.

Basic services backlog eradication

Water.

Despite our application for backlog eradication on water was not approve by MIG, the municipality manage to address it out of its own funds to meet the national target.

House

To built quality houses for its community, the municipality has made a contribution of R4 322 992.00 to the housing projects in Richmond and Victoria west after the department fail to give us more money to meet the national criteria on houses.

We've built 276 houses in Victoria west and 108 houses in Richmond.

Sanitation

Although we reach our national target on bucket eradication in 2007, the municipality also decided to eradicate buckets on new stands by building new bulk infrastructure for 270 households in Victoria west.






An amount of R1 043 000.00 out of own funds was made available to build the infrastructure over a period of two years.

Roads

Business plans are submit to build access roads in Loxton, but was not funded in this financial year. We've started the project out of own funds because there was a big problem with access after rains. The 2.4km road will be completed in the 2011/12 financial year.

O & M BASIC SERVICES

The Technical Department includes the following basic services

-  Water Services
-  Sewer Services
-  Sanitation and Refuse Removal
-  Electrical Services
-  Roads

Water Services

Water is the main serves task of this department and we make sure that we provide clean and fresh water to all residents or users and we make sure that water been tested every second week of a month. We still purchased 70% of our water from a farm 10 km from Victoria West and we also been responsible for the pumps install at the farm. Test results are available at the municipality on a monthly basis. The water conservation and demand management plan of the municipality is complete and we operate the system in terms of the plan.

A Water Services Development Plan is compiled by Stabillis and is not completed because of a lack of funds. Water levels are monitored on a regular basis. All boreholes are fenced and reservoirs are clean after six months.

We also make sure that the service is not of for more than 10 hours and repairs are done as reported.

Water purification is on track and we proud to announce that our municipality was the only one getting blue drop status in the Northern Cape for Loxton. We make sure that we comply to the SANS 241 REGULATIONS as required.

Sanitation Services

The municipality sits with a challenge of informal stands where there are bucket as an alternative for service delivery. Hence we've not receive enough money from the funders, the municipality decided to eradicate backlogs out of its own funds in Victoria west formal sides. All new services are full waterborne systems.

We've also manage to buy two new sanitation trucks to make sure full service has been delivered to the municipal residents. The sewer pump stations in Richmond are upgrade and the old pumps were replace with new pumps for better operation.

Refuse Removal

These service are improve after we've manage to buy and build-up a truck to do the collection of refuse at the houses or business. The residential customers are receiving this service once a week whilst the business customers are receiving the service twice a week. We are still in the process with the environmental impact assessment and we plan to build a new side in Victoria west in the 2010/11 financial year.

We've also collect garden refuse at the point build by the municipality to assist those households who can't afford to take refuse to the dumping side.

Electrical Services

This is a continuous process and the best possible services with the current resources are being delivered, the networks are ageing and this poses a challenge. The municipality appointed 2 new technicians which will assist with better service delivery. Illegal power usages are one of the municipality's biggest challenges but the department managed to reduce it by 80%. Due to this the municipality could already reach a 6% reduction in the power usage of the municipality. Currently the 2nd and last phase of the power network in Richmond is upgraded at a cost of R 1,800,000.00 and will be completed in the 2008/09 financial year. In Loxton a new network was built for power distribution to emerging farmers. We still waiting ESCOM connection point. In Victoria West the network to the abattoir were upgraded to a 315 KVA line.

Lightning distracters were installed at all high voltage transformers and after the installations no transformers were damaged.

A number of street lights were replaced with low energy light bulbs and an 80% saving was recorded. SEF problems were all sorted and currently no lost is recorded. High voltage cable and CT's were replaced on the Masinyusane line to minimise power failures on the line. Old cables could be reused to minimise the costs.

The majority of the card type pre-paid power meters were replaced with push button meters. Precautionary maintenance in Richmond was done and this resulted in 60% reduction in call-outs, this will further improve after the new 22KV network is completed.

Roads

We have only two graders one in Richmond and one in Victoria West. The one in Victoria west are the oldest an we can't always found parts for it.

Although we have these problems, the streets are graded as often as possible. Maintenance on tarred roads are done and we manage to reseal 3000m² of Pienaarstreet in Richmond.

Resources

The municipality manage to buy the following vehicles out of own funds to better service delivery.

Two of the Ldv's were bought out of funds from DWA and the others out of own funds.

- 1 2 x 1ton Ford Ldv (water services Victoria west)
- 2 1 x 1ton Ford Ldv (water services Richmond)
- 3 2 x 8ton Tata trucks(sewerage removal)
- 4 1 x 10ton roller(gravel roads)
- 5 1 x 1ton Ldv(water services Loxton)
- 6 1 x 8ton Nissan refuse compactor
- 7 1 x 8ton Toyota refuse compactor

Job creation

The municipality manage to employed 630 workers in projects. During December a total of 230 workers was employed out of own funds to address the social needs in the municipality to make sure that there's food on the tables.